

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



UNITED STATES DEPARTMENT OF AGRICULTURE  
BUREAU OF AGRICULTURAL ECONOMICS

---

TOBACCO PRODUCTION AND CONSUMPTION  
IN CHINA

---

By J. Barnard Gibbs  
Tobacco Specialist  
Shanghai Office

---

Washington, D. C.  
September, 1938

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS



CHICAGO, ILLINOIS

THE UNIVERSITY OF CHICAGO PRESS

# C O N T E N T S

	Page
Introduction .....	1
Origin of Chinese tobacco .....	1
Early uses of tobacco in China .....	3
Production .....	3
Origin of types .....	3
Classification of types .....	9
Sun-cured types .....	10
Cigar types .....	13
Flue-cured types .....	13
The cropping system .....	14
Methods of cultivating flue-cured tobacco .....	14
Methods of harvesting and curing .....	17
Estimated production of all types .....	18
Increase of the flue-cured crop .....	19
Marketing .....	21
Native types .....	21
Flue-cured types .....	21
Methods .....	21
Costs .....	22
Cooperatives and monopolies .....	23
Sales taxes on leaf tobacco .....	24
Imports and exports .....	25
Imports of leaf tobacco .....	25
Imports of tobacco products .....	26
Exports .....	26
Duties .....	27
Consumption .....	28
Pipe tobacco .....	29
Factory-made cigarettes .....	30
Prices .....	34
Taxes .....	34
Hand-rolled cigarettes .....	34
Cigars and snuff .....	35
Summary .....	36
Appendix .....	38
Tabulations:	
Allocation of tobacco types to climatic regions in China .....	6
Classification of Chinese tobacco, by types .....	10
Production and farm prices of flue-cured tobacco in China, 1916-1936 .....	20
Estimated cost per pound for delivering Chinese flue-cured tobacco to Shanghai manufacturers, 1935-36 .....	23
Summary of the tobacco trade of China, 1909-1936 .....	38
Imports of leaf tobacco into China, 1923-1936 .....	39
Imports of cigarettes into China, 1909-1936 .....	40
Exports of leaf tobacco from China, 1923-1936 .....	41
Import duty on tobacco entering China, 1843-1937 .....	42
Consumption of domestic cigarettes in China, 1932-33 to 1934-35 .....	46
Internal-revenue taxes on cigarettes manufactured in China, 1928 to date..	47
Changes in consumption of cigarettes in China under increased tax rates, 1928-1935 .....	48



## TOBACCO PRODUCTION AND CONSUMPTION IN CHINA\*

For many years China has been an important market for United States flue-cured tobacco. No country buys more except the United Kingdom. As in many other countries, expansion of the cigarette industry in China has added a new significance to flue-cured types from the United States, and they have been greatest in demand. Consequently, the recent shift in China from the use of United States flue-cured tobacco to the Chinese-grown product is of vital importance to many American tobacco growers.

Our most flourishing tobacco trade with China existed during the period 1928-1931, when leaf and cigarette exports to that country averaged 150 million pounds annually - a quantity equal to one-fourth of the total tobacco exports from the United States and three-eighths of the flue-cured exports. But this trade has declined. Largely because of the substitution of Chinese flue-cured for United States flue-cured types in the manufacture of Chinese cigarettes, and despite an increase in Chinese consumption, our exports to China are now less than one-third of the 1928-1931 volume. If the outlet for United States flue-cured tobacco in China is to be limited to quantities exported during the past 3 years, a reduction in our domestic crop will be necessary, unless at the same time consumption of this type is increased in other areas.

China, at the present time, not only is becoming self-sufficient in light-tobacco requirements, but in recent years has been exporting about 30 million pounds annually. These exports go principally to Manchuria, some to Japan, and smaller quantities to Europe. Flue-cured production, from the standpoint of volume, is but a small part of the total Chinese crop, estimated to be over 1,300 million pounds. The bulk of this huge crop is sun-cured tobacco, grown principally for domestic consumption.

### Origin of Chinese tobacco

Among the many theories that have been advanced as to the origin of Chinese tobacco, there is not much to indicate that it is indigenous to China. Some of the very early records refer to the medicinal use of tobacco in the army as a plague preventive. Romantic references occur in Chinese literature. In general, however, the data relating to early Chinese tobacco indicate a plant of foreign origin.

Berthold Laufer, sometime Curator of Anthropology in the Field Museum of Natural History, Chicago, quotes as follows from the records of an ancient Chinese physician of Shansi Province: "In times of antiquity this plant (tobacco) was entirely unknown among us; only recently, during the period Wan-li (1573-1620) of our Ming dynasty, it was cultivated in Fukien and Kwangtung, and from there spread to the northern provinces. Wherever it may be planted, it does not come up in quality to that of Fukien which is a bit yellow in color and so fine that it has received the name of 'Gold silk smoke'; it is very strong and of superior aroma. Inquiring for the beginnings of tobacco-smoking, we find that it is connected with the subjugation of Yunnan Province. When our forces

---

\*Prepared for publication by Louise Moore Coleman, Assistant Agricultural Economist.



entered that malaria-infested region, almost everyone was affected by this disease with the exception of a single battalion. To the question why they had kept well, these men replied that they all indulged in tobacco. For this reason it was diffused into all parts of the country. Everyone in the southwest, old and young without exception, is at present addicted to smoking by day and night." 1/

In further support of the foreign origin of Chinese tobacco is the following: "The import of tobacco into China dates back as far as 1575, when shipments from the Philippine Islands arrived for the first time at Changchow, in Fukien, and since then tobacco has been cultivated in that province in the same fields as tea. Not long after, the tobacco produced in that region, known as Yungting tobacco, chiefly for water pipe smoking, became very well known in the entire Yangtze Valley and the methods of growing tobacco spread to nearly all parts of China." 2/

Supplementing this information is the fact that the natives of Fukien Province were seafaring and that they had established trading relations with the Island of Luzon before the Spaniards did. Thus, it is plausible that the tobacco production of China began in Fukien Province with seed from the Philippine Islands. As Philippine tobacco is of Mexican origin, 3/ an indirect connection with the North American Continent is established.

While the Philippines were probably the earliest source of Chinese tobacco, they were not the only source. About 1620, tobacco was transported to China from Japan, whither it had been carried by the Portuguese in 1605. Moreover, some records indicate that it might have been brought overland from western Asia, along the old caravan routes. Others suggest that certain types were introduced from Russia during relatively early periods. The absence of authentic records, however, showing the presence of tobacco in Asia or in Europe prior to the discovery of North America seems to point to the Western World as the place of the primary origin.

The theory of various sources is borne out by the many types and varieties found in China. Both the species Nicotiana tabacum and Nicotiana rustica are represented. Nicotiana tabacum predominates. Rustica types are cultivated only for local consumption in a few scattered areas - principally the extreme west and southwest Provinces. Nicotiana rustica was found in Florida by Spanish explorers; Nicotiana tabacum grew in Cuba, in Brazil, and (in later years) in Virginia.

Types that have evolved from China's early contacts with other parts of the world constitute the principal part of the domestic crop.

1/ "Tobacco and its Use in Asia," Anthropology Leaflet 13, Field Museum of Natural History, Chicago, 1924, p. 3.

2/ "The Chinese Economic Journal," Shanghai, April 1935, p. 407; and February 1937, p. 121.

3/ "Tobacco was introduced into these Islands (Philippine) during the last quarter of the sixteenth century by the Spanish missionaries coming here from Mexico." - "Tobacco in the Philippines," by H. O. Jacobson, Chief, Division of Agronomy, Bureau of Agriculture, Philippine Islands.



These types are the low-priced, sun-cured tobaccos used largely by producers and other groups of low purchasing power; consequently they are greatest in consumption volume. The most significant development in the Chinese tobacco industry, however, has taken place in comparatively recent years from seeds and methods brought direct from the United States. The movement has been fostered by large tobacco manufacturers, who possibly had the idea of acquiring cheaper raw material and at the same time increasing cigarette consumption by raising the purchasing power of Chinese growers. A new and different tobacco industry has sprung up - a commercial industry that already extends into three of China's Provinces.

### Early uses of tobacco in China

Tobacco was first used in China for snuff and pipe smoking, and as such was prescribed by the ancient physicians for many ailments. It was especially recommended for those classes of diseases said to result from cold, moisture, and wind. It was often mixed with products from other plants and herbs, for both snuff and pipe tobacco. This practice continues today.

Following the introduction of tobacco, consumption in China spread rapidly. As early as 1638 the use of the plant was so general, particularly in the army, that an imperial edict was issued prohibiting its production and consumption. Decapitation was the penalty for violators. In 1641, another edict issued against smoking omitted the penalty. By that time it was apparently conceded that the use of tobacco was too thoroughly established to be coped with by law. Before the close of the seventeenth century, its consumption was pretty general by all classes and by both sexes. There is also a record of its use, about 1800, as an insecticide for killing insects in books, in clothing, and on vegetables.

### Production

#### Origin of types

A great number of so-called types of tobacco are produced in China. As many of these types are similar in character, an accurate classification would undoubtedly reduce the number. The principal determining factor in the Chinese type name seems to have been the district in which the type was grown or a town adjacent to the district. Aside from this consideration, however, several outstanding factors account for the variety in Chinese tobacco. First, tobacco was introduced into China from several different sources. Second, the various original types have been mingling promiscuously over a long period of years. <sup>4/</sup> Third, numerous near-types or even new types have developed from variation in soil and climatic conditions of the producing area.

Of the first factor, too little is definitely known upon which to base discussion. However potent these distant origins may have been in creating present-day types, only traces of their influence remain, as, for instance, the similarity of Chinese cigar types to Philippine tobacco.

<sup>4/</sup> Until recently there was no tendency to perpetuate the production of a specific type for a definite commercial use.

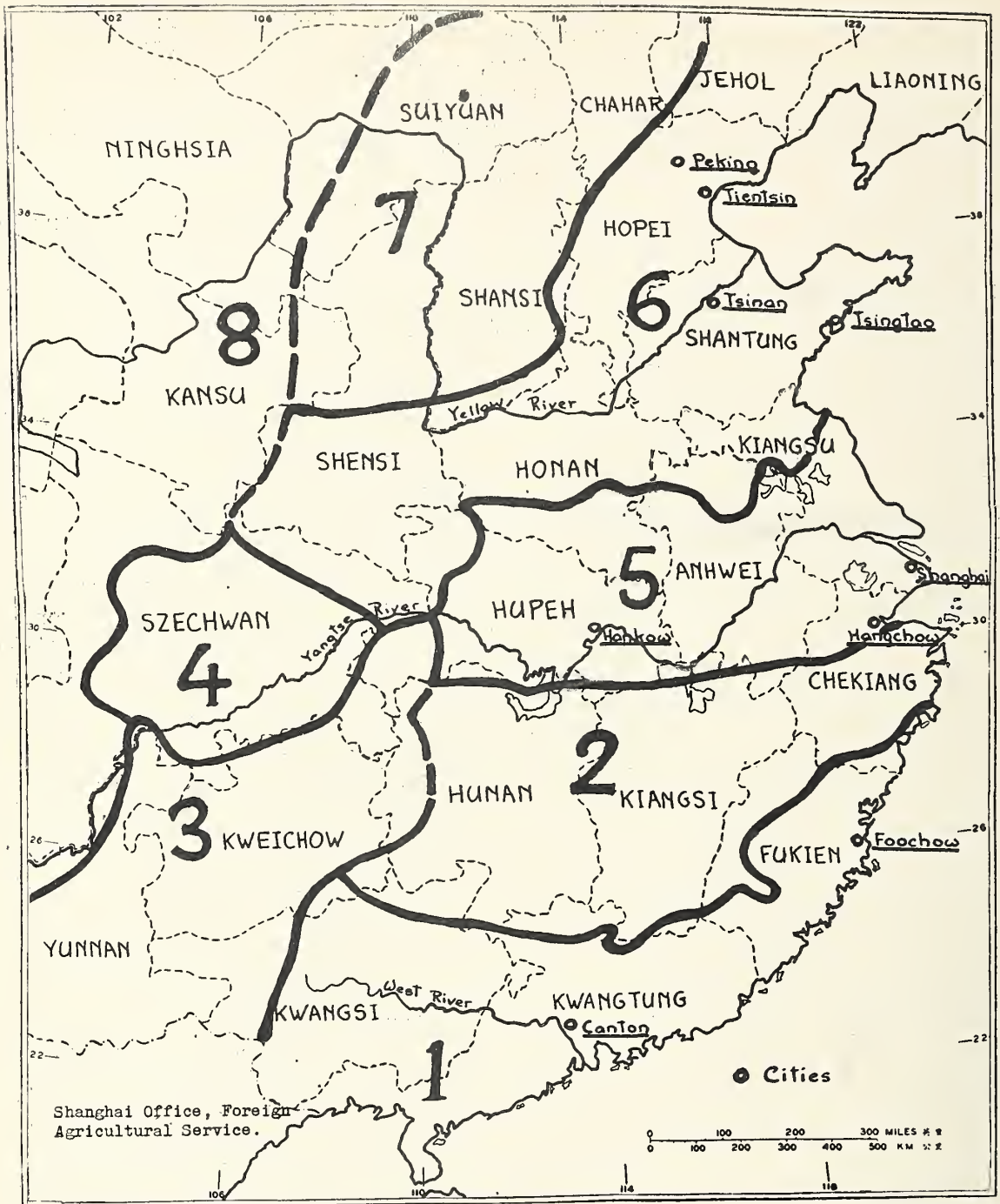
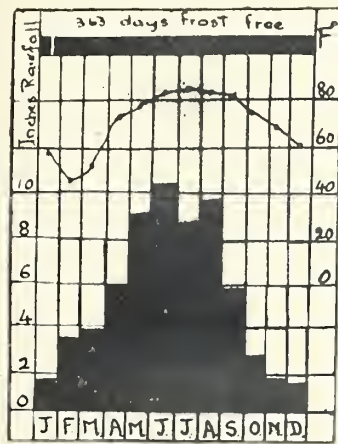
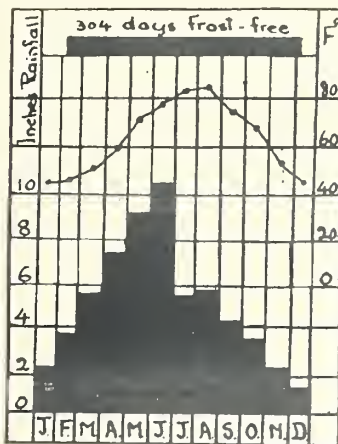


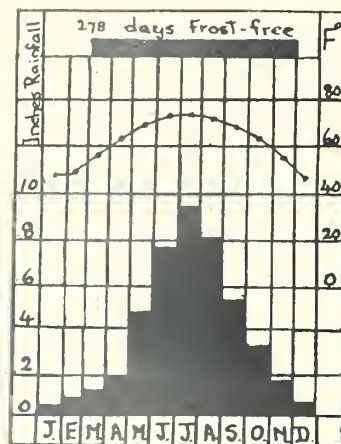
Fig. 1. Approximate boundaries of the climate regions of China.  
From "The Climatic Regions of China," Burgoyne Chapman,  
University of Nanking.



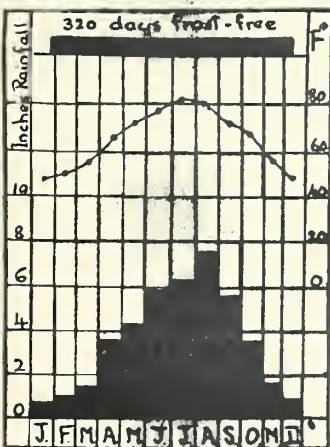
Region 1



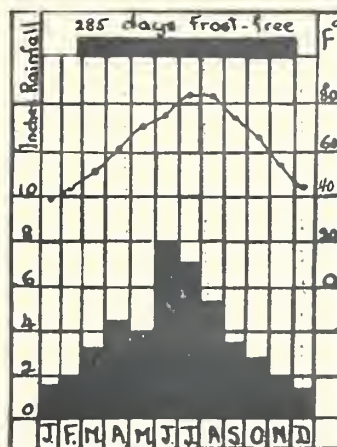
Region 2



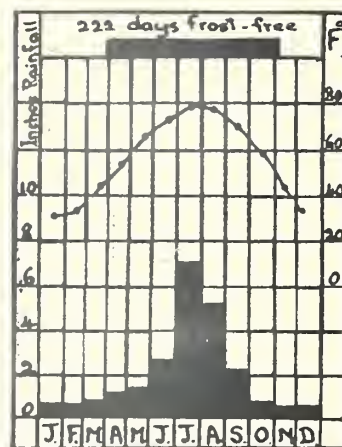
Region 3



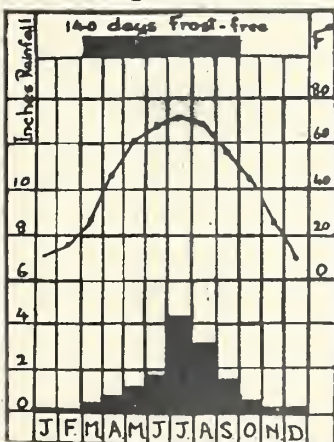
Region 4



Region 5



Region 6



Region 7

Fig. 2. Frost-free period, monthly average temperature and monthly average rainfall in China, by climatic regions. From "The Climatic Regions of China," Burgoyne Chapman, University of Nanking.



From the promiscuous mingling of types, almost any characteristic save uniformity might develop. In the native crop little attention is paid to the selection of seed, and tobacco of different types is sometimes grown in the same field. This results in a heterogeneous production and adds to the difficulty of classification.

Table 1. Allocation of tobacco types to climatic regions in China

Region and type of tobacco produced	Aver-	Average temperature				Soil description	Topographical features and climatic conditions
	age	b/					
	annual:	(Fahrenheit)					
	rain- fall	Highest		Lowest			
	a/						
1. <u>South China</u>	Inches	Month	grec	Month	gree		
Typically						Largely acid ex-	Narrow valleys;
dark, tropical,						cept in valley	low hills; a few
cigar types						lands; podzolized	mountains as high
similar to						red and yellow	as 3,000 feet.
Philippine to-						clay earths, and	Continuous growing
bacco. Some						old red earths,	season except in
very bright						derived largely	high altitudes of
sun-cured types						from lateritic	northern region
produced on	63.2	July)	84	Jan.)	57	parent materials.	where temperature
poor, clay hill		Aug.)		Feb.)		Valleys and bot-	during January and
area.						ton lands are	February sometimes
Planted: Feb.						silty clay, non-	reaches freezing.
						calcareous, mod-	
Harvested: May-						erate to strong	
June						acid alluvium	
						with some sandy	
						areas. c/	
2. <u>Southeast hills</u>							
Dark sun-						Largely podzol-	Hilly, except for
cured in fer-						ized older, red-	limited areas along
tile valley						clay earths, and	coast and a few in-
soils. Very						podzolized clay,	land valleys. Low
bright sun-						gray-brown, for-	range of mountains
cured leaf on	59.9	July)	83	Dec.)		est soils.	cuts through east-
thinner hill		Aug.)		Jan.)	42		ern section from
area. Less				Feb.)			north to south.
body than							Climate similar to
that grown in							Region 1, except
Region 1.							for differences re-
Planted: May-							sulting from more
June							northern latitude
Harvested: Aug-							and less rainfall
Sept.							in July and August.
							Growing period:
							304 days.

Continued -

Table 1. Allocation of tobacco types to climatic regions in China, cont'd

Region and type of tobacco produced	Average temperature		Soil description	Topographical features and climatic conditions
	Average	Annual		
	age	rain-		
	annual:	fall :		
	b/	(Fahrenheit)		
	Highest	Lowest		
	De-:	De-:		
	Month:	Month:		
	grec:	grec:		
	Inches:	grec:		
3. Southwest Plateau			Red or yellow, podzolized clay earths similar to those in Region 1.	Hills and mountains; relatively narrow valleys. Mountains as high as 6,000 feet. Rainfall: light in early spring, fall, and winter months.
Cigar type. Production largely confined to valley lands.	44.6	July) 73 Aug.)	Dec.) 46 Jan.)	Growing period: 278 days.
Planted: May-June				
Harvested: Aug.-Sept.				
4. Red Basin			Purple-brown acid and neutral clay forest soils on the hills; some silty clay alluvium in valleys.	Area composed of broad flood-plains and hills with altitudes reaching 2,000 feet.
Dark cigar type of the <i>Nicotiana rustica</i> species.	41.1	May ) 76 Sept.) d/	Dec.) 46 Jan.) Feb.)	Growing period: 320 days.
			Most important agricultural district composed of: a fertile, silty, clay soil only slightly acid in reaction.	
5. Lower Yangtze and Hwai Hills			Largely non-calcareous alluvium and gray-brown clay forest soils and podzolized clay red earths.	Composed principally of flood-plains along the Yangtze and Hwai Rivers, and low hills cut by smaller valleys. Rainfall supplemented by irrigation from ponds or wells.
Bright, light, and dark sun-cured. Flue-cured is produced in one section and could be produced in many other sections. See fig. 6.	43.8	July) 83 Aug.)	Dec.) 41 Jan.) Feb.)	Region is subject to wide range from year to year in total annual rainfall.
Planted: June				Growing period:
Harvested: Sept.-Oct.				285 days.

Continued -

Table 1. Allocation of tobacco types to climatic regions in China, cont'd

Region and type of tobacco produced	Average temperature : age : annual : rain- : fall : a/ :	b/ (Fahrenheit)	Highest	Lowest	Soil description	Topographical features and climatic conditions	
6. <u>North Plain</u>	Inches	Month	grec	Month	grec	Largely composed of pedocals, f/ light chestnut earth, calcareous alluvium and slightly podzolized brown forest soils. Most of these soils are loess, fine sandy loams, or clay loams. (fig. 3)	Large plain area, extending inland in a southwest direction, from the northern limit of China to near Hwai River. Light rain-fall during winter months; greatest in July and August. Region subject to drouths, sometimes resulting in almost total crop failure. In normal seasons some districts are irrigated.
Flue-cured, light and dark sun-cured. Region contains two of the most important flue-cured tobacco producing districts in China. Flue-cured can be successfully grown throughout most of region. See fig. 6. Other light tobaccos are common in region. Dark tobacco grows in extreme southwest section. Planted: June. Harvested: Sept.-Oct.	23.4	July)	79	Dec.)	32	Growing period: 222 days.	
7. <u>North Highland</u>	14.2	June)	71	Dec.)	12	Pedocals, (light chestnut loams, and some black soils).	Mountainous, with vast plateaus cut by few streams. Crop production is limited, due to low annual rainfall. Growing period: 140 days.
8. <u>West China</u>	No data. Agriculture in the region is limited. There are mountains in the south and high dry plateaus in the north. Cropland confined principally to valleys in the southern section.						

a/ See also fig. 2. b/ Average for months indicated. c/ Podzolized soils are the "ashy gray" soils that have been leached of much of their component bases. The podzolized red and yellow soils are usually very acid in reaction. d/ Summer temperatures in many sections moderated by altitude. e/ Total average rainfall varies from 59.1 inches on the coast to a minimum of 30.0 inches in the interior. f/ Pedocals are soils with an accumulation of lime in the subsoils. Surface soils are neutral to calcareous.

Compiled from information appearing in "The Climatic Regions of China," by B. Burgoyne Chapman, 1933, and "Geography of Soils of China," by James Thorp, 1936.



The variation of soil and climatic influences, arising principally from the vastness of the country, is one of the most important factors in type creation (figure 1). Twenty-two main soil classes are recognized by one soil specialist <sup>5/</sup> under the Marbut system of classification, and there are many subdivisions of the main classes.

Growing conditions, based largely upon latitude, also differ widely in China. If the surface area were superimposed in its same latitude on the Western Hemisphere, it would extend from Massachusetts to Cuba and from the Atlantic Coast to beyond the Mississippi. This extensive area is cut by three large rivers flowing in the general direction of west to east and forming broad inland valleys and basins of low altitude. Intervening are plains, plateaus, and mountain ranges. Altitude ranges from sea level to approximately 10,000 feet at the highest peaks.

Rainfall and temperature also vary widely, as to both the yearly average and the distribution through the year (figure 2). Rainfall varies from a few inches per year in the northwestern plain area to 85 inches at some points on the southern coast. Variation in temperature is as great as that in rainfall. Although the average summer temperature is about 84 degrees, certain areas in the extreme south have a continuous growing season, with average July temperature around 90 degrees. On the other hand, short growing seasons and a relatively low summer temperature are common to the higher mountain districts and to the northwestern plain. These natural factors determine not only what type of tobacco can be produced in a particular area but whether tobacco can be produced at all (table 1).

#### Classification of types

Chinese tobacco cannot be classified in accordance with rules followed in classifying United States tobacco. In general, there is but limited similarity between the two. Some Chinese types cannot be compared with any of the standard United States types. Moreover, the different Chinese types are not associated with specific products to the same extent as in the United States.

The three main groups or classes of Chinese tobacco, recognized in accordance with curing methods and use, are the sun-cured, the flue-cured, and the cigar types.

<u>Group</u>	<u>Percent of total Production a/</u>	<u>Use</u>
Sun-cured types	-	-
Light b/	40	Pipe tobacco c/
Dark	7	Pipe tobacco
Cigar types	40	Cigars and pipe
Flue-cured types	13	tobacco
		Cigarettes

a/ Estimated. b/ Includes the very bright types, amounting to about 8 percent of total production. c/ Small quantities are used in the manufacture of cigarettes.

<sup>5/</sup> James Thorp, Chief Soil Technologist, National Geographical Survey of China, on leave of absence from the United States Bureau of Chemistry and Soils.



As there is so much variation in the color of the sun-cured types, it becomes necessary to subdivide them into a light and a dark group. Even in the light group there is a wide color range from very bright to light (table 2). For want of information, many types have not yet been classified as to the finer details. More complete information may possibly result in the shifting of some types from one color group to another. The tabulation on page 9 shows the importance as to volume of production, and the use of each group.

In figure 3, the producing areas of the various types have been located. As the exact boundaries are available for only a few types, it is impossible to circumscribe the area.

Sun-cured types. The bright types of the light sun-cured group are extremely light in color, varying from almost white to lemon, orange, and light brown. Others have an immature appearance with a greenish tinge. Most types are papery in texture, chaffy, low in oil content, and limited in aroma. In general, they have fair burning qualities. They are practically all frame-cured, the leaves varying from very small to large. B17 (Chaoyang), grown in Kwangtung Province, has an exceptionally small leaf and in many respects is similar to Turkish tobacco. It has a higher oil content and better aroma than most other bright types. Types B10 (Wenchow), B14 (Kwangchi), and B15 (Dennen) have large leaves; these three types (except for color and texture) have the appearance of tropical cigar tobacco that has changed as a result of environment.

The peculiar characteristics of the bright types evidently result largely from conditions under which they are grown. They are produced in central and southern China where rainfall is abundant, and all are grown on thin soils. Most of the soils are clay with an acid reaction, very low in humus but high in potash.

Table 2. Classification of Chinese Tobacco, by types

Province and class	Type number	Type a/	Type name	Province and class	Type number	Type a/	Type name
Sun-cured (light)-				Sun-cured (light)			
Chekiang	B1		Sinchang	<u>continued -</u>			
	B10		Wenchow	Anhui	B6-L2		Tungcheng
	B12		Tzetuh		B18		Hwangnei
	B13		Paomen		L3		Susung
	B15		Dennen	Honan	B7		Tengchow
	B20		Pukiang		B19		Naihsiang
	B21		Taichow		L7		Kwankun
Hupeh	B2		Hwangkang		L39		Sinsiang
	B11		Kwangshui		L40		Chihsien
	B14		Kwangchi				
	L1		Kunchow	Kwangtung	B16		Nanhsiung b/
	L3		Susung		B17		Chaoyang
Kiangsi	B3-L4		Kwangfeng		B8		Maoling
	B4-L6		Tuchang				
	B5		Hsincheng	Fukien	B22		Futing
	B9		Juichang		B23		Shunchang
	L9		Chuhu		B24		Yungting

Continued -

Table 2. Classification of Chinese Tobacco, by types, cont'd

Province and class	Type number a/	Type name	Province and class	Type number a/	Type name
Sun-cured (light)			Sun-cured (dark) -		
continued -			Chokiang	D2	Sungyang
Hanan	L8	Siangtan		D3	Tungsiang
	L50	Chenchow		D3	Tinghai
	L49	Yunghsing		D6	Kashing
Chahar	L10	Suanhwa	Kiangsi	D5	Yichien
Hopei	L11	Chochow		D7	Juikin
	L12	Ichow	Fukien	D4	Sienyu
	L13	Hsiunehsien	Hunan	D1	Hengchow
	L14	Ningtsin		D9	Liuyang
	L15	Hsingtai		D10	Changsha
Shantung	L16	Chaoyuan		D11	Ningsiang
	L17	Taien		D12	Chenki
	L18	Ningyang		D13	Wukang
	L19	Tzuyang	Cigar -		
	L20	Nishui	Kwangsi	C1	Liuchow
	L21	Chuhsien		C13	Wachow
	L5	Chihsia c/		C6	Nanning
Shansi	L22	Taiyuan	Kwangtung	C2	Yuantan
	L23	Hsiaoyi		C3	Sharpingtoc
	L24	Linfen		C4	Tientang
	L25	Kiangchow		C5	Hoshan
	L26	Chuwa		C12	Szechui
Kansu	L27	Lanchow	Szechwan	C7	Kintang
	L28	Titao		C8	Chuhsien
	L29	Kmgehang		C9	Wanhsien
	L30	Tsinchow		C10	Hochwan
	L31	Lihsien		C11	Kiating
	L32	Chenchsien	Kweichow	C14	Wuchwan
Shensi	L33	Pinshien		C15	Szenan
	L34	Chienhsien		C16	Wengan
	L35	Fenghsiang		C17	Hsiuwen
	L36	Chagan		C18	Kweiyang
	L37	Paocheng		C19	Kweiting
	L38	Sunyang		C20	Puting
Kiangsi	L41	Fenghsien	Yunnan	C21	Yunting
	L42	Poishien		C22	Shunning
	L43	Pihsien	Flue-cured -		
	L44	Tangshan	Anwei	F1	Montaitze
	L45	Tungshan			
	L46	Hsiachsien	Honan	F2	Hsuchow
	L47	Chuning			
	L48	Sutsien	Shantung	F3	Tsingchow

a/ "B" indicates the brightest types of the sun-cured group, "L" the light types, and "D" the dark types. The lower numbers of each group also designate the lighter colors. Types bearing both "B" and "L" indicate that the same type cures bright in some areas and light in others.

b/ Fire-curing and a combination of fire and sun-curing is common for this type.

c/ Chihsia tobacco is stalk-cut; other types in this group are primed.

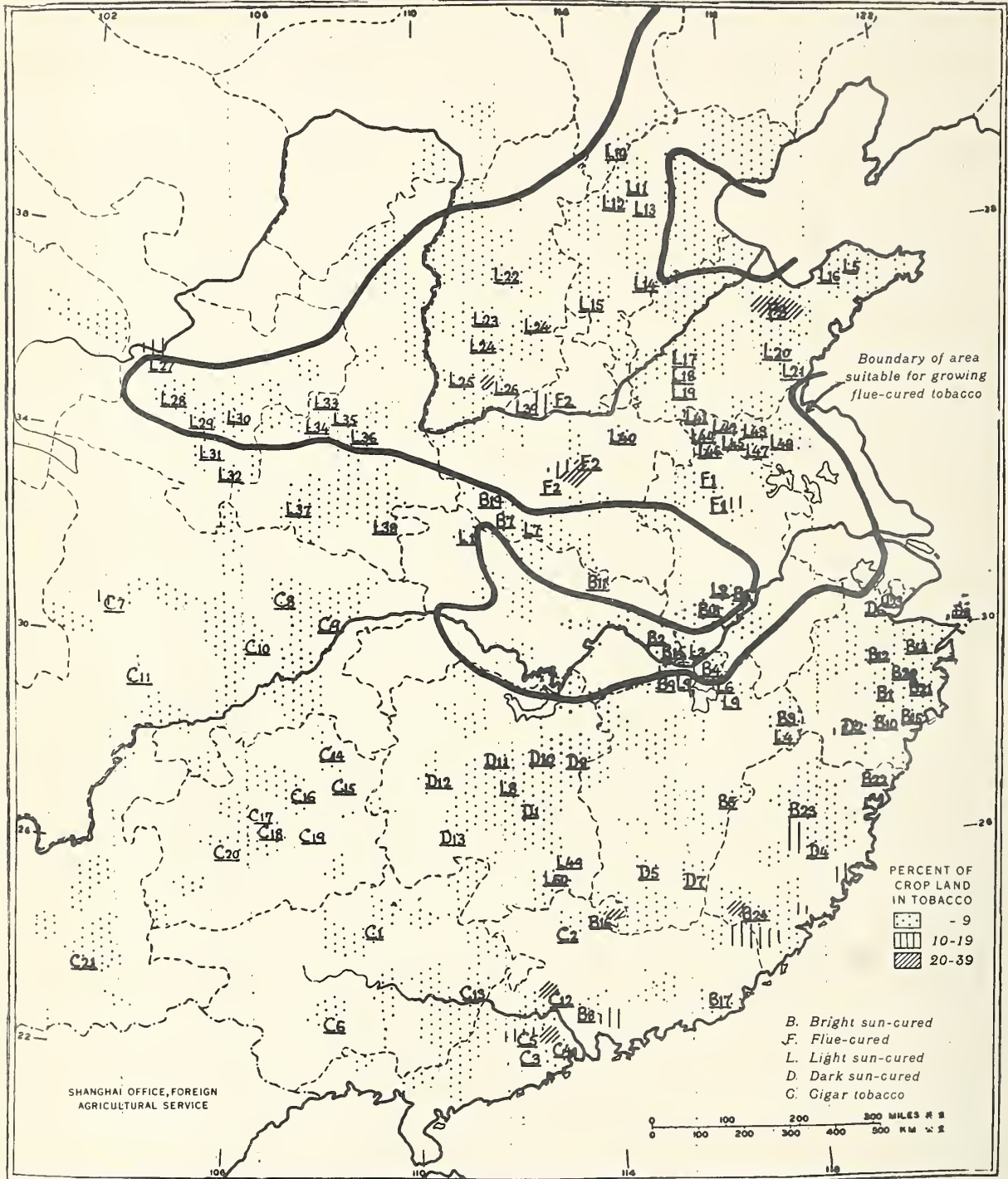


Fig. 3. Tobacco-producing districts in China, showing types, and the potential area for growing flue-cured tobacco. The percent of cropland in tobacco is from "Land Utilization in China," published by the University of Nanking.



Present production of bright sun-cured types is reported to be much below that of past years, the decline resulting from a decrease in demand. In China the bright types are used for pipe tobacco and to a small extent for cigarettes. Germany and the Scandinavian countries also use limited quantities in cigarettes. The leading export types are B1, B2, B3, B7, B16, and B17. Small quantities of B17 have occasionally been exported to the United States as a substitute for Turkish tobacco.

The light types of the sun-cured group range in color from light lemon or yellow to colors darker than United States Burley and Maryland. There is great variation in their texture, oil content, and aroma. Some types are papery, with low oil and little aroma; others have an average oil content, strong aroma, and moderately heavy body. There are also types with characteristics similar to those of Turkish tobacco. L1 (Kunchow), grown in Hupch Province, was exported to the United States during the World War as a substitute for Turkish tobacco. Most of the light types are produced in central and northern China. Very little is known of them except that they are consumed locally, in pipes principally, and in limited quantities in cigarettes.

Chinese dark sun-cured types are somewhat similar in color to United States fire-cured types. Most of them have heavy body, large, coarse leaves, fair oil content, and strong aroma. Type D6 (Kashing) differs in that it has a very thin leaf. It is sometimes used for cigar wrapper. Most of the tobacco in this group is produced in south central China. It is used almost exclusively in pipe tobacco, although in the past limited quantities were used in cigarettes.

Cigar types. Chinese cigar tobacco includes types from both the species Nicotiana tabacum and Nicotiana rustica. Types from Nicotiana tabacum are similar to Philippine filler. Those from Nicotiana rustica differ from any tobacco known in the United States. They are distinguished by long narrow leaves with long petioles. C7 (Kintang) is a rustica. All of the cigar types are oily and dark brown in color. They have medium to heavy body and a fair to good aroma. They grow in south and southwest China and are used for cigars and pipe tobacco. Small quantities are exported, some to Egypt for use in the manufacture of chewing tobacco.

Flue-cured types. The production of flue-cured tobacco in China was started from American seed. In some respects the Chinese flue-cured type is similar to the United States product. It resembles our flue-cured in color and body, but not in texture. It has a fair oil content and burns well. Nevertheless, it lacks the aroma and fragrance that distinguish United States tobacco, and it is somewhat inferior in finish and appearance.

Three distinct types of Chinese flue-cured are recognized. They are grown in widely separated districts of central and northern China. Type F1 (Montaitze), grown in Anhwei Province, has less resemblance to the United States product than have the other two. American seed has not been used as extensively in that district as in the others, and the product has become a hybrid between United States flue-cured and native tobacco grown in the district. The type has a narrower leaf and a larger mid-rib than our tobacco. It is relatively low in oil, lacks aroma, and tends to be papery. It is pale lemon in color and compares more with eastern North Carolina tobacco than with any of the other United States flue-cured types.

Type F2 (Hsuehow), produced in Honan Province, compares also with the tobacco grown in eastern North Carolina. It has a thin bright lemon leaf, fair oil content, and elasticity. It is considered by cigarette manufacturers to be the most desirable flue-cured tobacco produced in China.

Type F3 (Tsingchow), produced in Shantung Province, resembles the United States old- and middle-belt types (figure 4). It is light to dark orange in color, has a fairly heavy body, and tends to discolor more with storage than do the other Chinese types.

#### The cropping system

Most of the tobacco crop north of the Yangtze River is grown after wheat, but south of the river tobacco follows various crops, such as soybeans, barley, wheat, or winter vegetables. China is so densely populated that a maximum amount of food crops must be produced in order to maintain the population. Consequently, crops such as tobacco must in most places fit into the cropping system so that they replace only a minimum amount of food crops in the use of land. Usually, it is only in areas where two or more crops may be harvested each year that tobacco is produced in large quantities. In these areas it is grown as a second crop. In regions with short growing seasons it is grown sparingly, often being interplanted with other crops.

In practically all districts it requires a return from tobacco much greater than that received from food crops to effect a shift from food crops to tobacco. For most types of tobacco (especially the native sun-cured types) the possibility of such a shift in the future seems rather doubtful. It is expected, however, that further expansion will take place in the production of flue-cured types.

#### Methods of cultivating flue-cured tobacco

It requires more man workdays to produce a crop of tobacco in China than in the United States. This is due largely to different cultivation methods and primitive tools. Much care is given to seedlings and seedbeds. It is a common practice to sprout seeds before they are sown. After sprouting they are either sown in seedbeds or planted in nursery rows beside a wheat field, in which they are transplanted after the wheat is harvested. In the nursery rows they are cultivated until they have four or more leaves before they are transplanted.

In the Honan and Shantung districts, plants are transplanted in rows about 3 feet apart with from 12 to 20 inches between plants. In the Anhwei district they are set in double rows from 3 to 6 feet apart with about 12 inches between the rows, and from 12 to 20 inches apart in the rows.

Cultivation is much the same as in the United States except that more of it is done with hoes. Insects are caught by hand. Care is taken to top the plants, but suckers are sometimes allowed to grow. In some cases, suckers are cultivated after the main crop is pruned. Sucker leaves are usually used for making native pipe tobacco, but they are sometimes mixed with tobacco sold for use in cigarettes.



Fig. 4, Chinese flue-cured tobacco, type F3, in Shantung Province.

Fig. 5. Chinese farmer with ox, plow, and sled. The plow has a small point, and a share only a few inches long, with a disc above them that turns the soil.



Fig. 6. Housing green native-grown tobacco in flue-curing barn, Shantung Province.





Fig. 7. Loading bales of flue-cured tobacco at railroad for shipment, Honan Province.

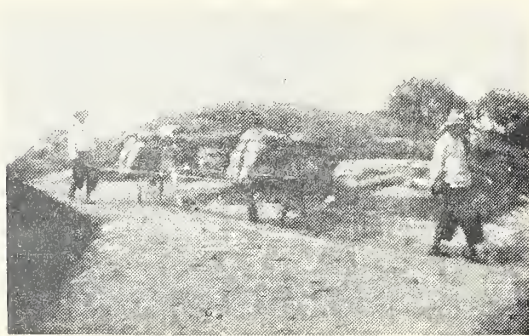


Fig. 8. Transporting tobacco to market on pack animals and wheelbarrows.



Animal-labor costs for crop production are very low. In general, animals are used only for plowing, harrowing, and the transportation of crops. Because of the urgent need of food for human consumption, animals are scarce and high-priced. Man-labor, on the contrary, is cheap and is often substituted for animal labor.

The investment in tools and equipment is insignificant. Equipment on the average Chinese farm consists of a wheelbarrow, or car (if the farmer has a work animal), a plow (figure 5), a crude harrow, and perhaps a one-horse seed drill. Additional tools are limited to a roller for threshing grain, hoes, and other tools made by the local blacksmith. Sheds and tobacco-curing barns are constructed of sun-dried bricks made by the farmer himself.

The use of fertilizer differs from practices followed in the United States. As the cash return from crops is not sufficient to justify expensive fertilizer, a compost made of oilseed cake and manure is the only fertilizer used. Great care is taken to insure that a maximum increase in production is obtained through its use.

As a rule, Chinese flue-cured tobacco is not well cured. Coal is generally used, but it is expensive, and in an attempt to conserve heat, ventilation is sometimes cut down to a point where damage results. Moreover, tobacco is often taken from the barn slightly green. In some cases, farmers flue-cure only the best portion of their crop. Inferior leaves are sun-cured.

#### Methods of harvesting and curing

No standardized method is followed in harvesting and curing the native tobacco crop. Practices are essentially individualistic, as contrasted with mass production and uniformity in some countries. Communications are limited, and each section usually follows somewhat different methods in handling tobacco. A leader in each country village dictates the farming practices for the village.

Most of the tobacco crop is harvested by priming. There is only one small area where the stalk is cut. Priming practices are very similar to those in the United States. Harvesting by stalk-cutting, however, differs in that the stalk is cut in sections with two leaves attached.

Curing practices follow all methods and combinations of different methods. Sun-curing is the most common. Flue-curing is limited to the United States flue-cured type. Fire-curing is limited, and air-curing is confined to cigar tobacco produced in the extreme southern section.

Two forms of sun-curing predominate - string-curing and frame-curing. In string-curing, the primed leaves are suspended on strings along the side of a building or between posts where they are exposed directly to the sun. A practice common in some sections is to suspend the strings between tobacco stalks left standing in the field. In general, care is taken to shelter the leaves during rains, but in some cases they are left exposed to the weather. Frame-curing consists of placing the

green leaves in single, flat layers between bamboo frames and exposing the sides alternately to the sun. The frames are placed under cover at night to prevent damage from moisture.

Curing tobacco completely by fire is limited to part of the production of one type, but fire-curing is often combined with sun-curing in areas where high humidity and lack of sunshine occur during the curing period. Charcoal fires are used, and (unlike in the United States process) the tobacco receives little discoloration or odor. Fire-curing takes place in a crudely constructed shed or in part of the farmer's house.

Air-curing of cigar tobacco also differs somewhat from practices followed in the United States. The method is said to have been introduced into China from Chile and is confined largely to tobacco grown on Hainan, a Chinese island just off the southern coast. Immediately after priming, the leaves are piled up in large stacks in the curing barn and allowed to sweat from a few hours to a day or two, depending on temperature and atmospheric conditions. When sufficient heat is reached from sweating, the leaves are strung and suspended in the barn for curing. The barns are usually straw-covered, with the sides made from boards or poles in a manner that allows ample ventilation.

Much Chinese tobacco, other than flue-cured, is flattened out sometime during the curing process. The midrib and other main veins of the leaf are beaten out flat or split open. This is done to insure complete drying of all parts, and to prevent deterioration from excessive moisture when the tobacco is stored. Tobacco handled in this manner does not have to be re-dried before storing, or stemmed before cutting into pipe tobacco. After curing, all frame-cured and part of the string-cured tobacco is packed in bundles or bales with each leaf perfectly flat.

Flue-curing methods were introduced by Americans and vary but little from those followed in the United States. Curing barns are designed on much the same plan as in this country. They are usually built of sun-dried bricks and have straw or thatched roofs (figure 6). The flues are made of either metal or clay. Sometimes a part of the farmer's house (usually of sun-dried brick) is converted into a curing barn during the season. Coal, supplemented by straw and kaoliang stalks, is used for fuel. Wood in most places is too scarce and expensive.

#### Estimated production of all types

Tobacco is grown to some extent in nearly every Province in China. As statistics are not collected for all Provinces, the total volume of production is not definitely known. It has been conservatively estimated, however, by various agencies that the annual crop ranges from 1 to 1.2 billion pounds. Official estimates of the Chinese National Agricultural Research Bureau are even larger, indicating an average production of 1,369 million pounds for the years 1933 to 1935 and of 1,397 million pounds in 1936. There is little official information available concerning the trend of production in the past, but it is believed that something near the present crop has been grown for a number of years. The bulk of production is sun-cured tobacco grown for home consumption or for consumption in nearby

towns and villages. The commercial production, which moves to the large consuming centers, represents only about 25 percent of the total and is concentrated in a few rather limited areas. It is principally flue-cured.

Practically all tobacco in China is produced by farmers who grow only small patches. The average tobacco acreage per farm in important producing districts is only about 0.7 of an acre. Hand methods are used in cultivating, irrigation is general, and other high-yield practices are followed. The average yield for all China is probably around 1,030 pounds per acre. <sup>6/</sup> This yield with a production of 1,300 million pounds indicates a harvested area of about 1,262,000 acres.

#### Increase of the flue-cured crop

The gain in production of flue-cured tobacco in China has been rapid, increasing from 2.4 million pounds in 1916 to 180 million pounds, the crop of 1936. Latest information places the crop of 1937 at 210 million pounds.

Experiments in producing flue-cured tobacco from United States seed began in China in 1913. Many years of experimentation followed. The movement, fostered by large manufacturers seeking cheaper raw material, has proved that a substitute for United States tobacco can be grown in many parts of the country. More recent investigations of soils and climate indicate that extensive areas in the Yangtze Valley, and much of the large plain areas of the north and west, can produce flue-cured tobacco comparable with that now being grown in other areas of China. See figure 3.

Production in China was on a limited scale from 1914 to 1916; but it increased in 1917 because of the rise in United States leaf prices and transportation difficulties resulting from the World War. Prices for flue-cured in the United States increased from 11 cents per pound for the crops of 1914 and 1915 to 19 cents for the crop of 1916 and to 30 cents for the crop of 1917. Shipping rates also increased materially during the war.

From 1917 to 1920, production expanded in all the flue-cured areas of China. In 1921 a sharp decrease resulted from drought and low yields per acre; and in 1922 production was further limited, inasmuch as tobacco land was needed for food crops following the drought year. The crop was increased in 1923 and 1924, but internal disturbance and civil war in China further limited production from 1925 to 1927, particularly in the Anhwei and Honan districts.

Owing to the fact that flue-cured tobacco yields a higher return to Chinese farmers than can be obtained from other crops, a rapid and almost continuous increase in production has been maintained since 1928. Higher prices for United States flue-cured since 1929 have strengthened the price of Chinese flue-cured, whereas prices for most other Chinese crops have been low. Moreover, increased taxes on Chinese cigarettes since 1928 and the low purchasing power of consumers have encouraged cigarette manufacturers to use Chinese tobacco instead of United States tobacco.

<sup>6/</sup> Average yield 1934-1936 was estimated by the Chinese National Agricultural Research Bureau at 1,028 pounds - area, 1,335,000 acres; production, 1,372 million pounds.



Table 3. Production and farm prices of flue-cured tobacco in China, 1916-1936

Year	Anhui, Type F1	Henan, Type F2	Shantung Type F3	Total flue-cured
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Production				
1916.....	a/	a/	2,400	2,400
1917.....	2,500	2,500	8,000	13,000
1918.....	2,500	2,500	18,000	23,000
1919.....	10,500	10,000	25,000	45,500
1920.....	9,000	16,000	29,000	54,000
1921.....	500	9,000	15,000	24,500
1922.....	4,000	6,500	9,000	19,500
1923.....	7,000	11,000	24,000	42,000
1924.....	13,000	32,000	25,000	70,000
1925.....	11,000	11,000	30,000	52,000
1926.....	3,800	4,500	15,000	23,300
1927.....	1,000	5,000	12,000	18,000
1928.....	3,000	5,000	25,000	33,000
1929.....	3,200	5,000	30,000	38,200
1930.....	3,500	45,000	35,000	83,500
1931.....	1,000	60,000	50,000	111,000
1932.....	6,000	45,000	53,000	104,000
1933.....	14,000	65,000	70,000	149,000
1934.....	20,000	50,000	70,000	140,000
1935.....	17,000	63,000	83,000	163,000
1936.....	25,000	70,000	85,000	180,000
1937.....	30,000	60,000	120,000	210,000
Farm prices d/	Mex. c/ : U. S. cents	Mex. c/ : U. S. cents	Mex. c/ : U. S. cents	Mex. c/ : U. S. cents
1919.....	11.9 : 9.6	10.5 : 8.5	10.7 : 8.7	11.3 : 9.1
1920.....	13.5 : 10.6	8.1 : 6.4	11.4 : 8.9	11.6 : 9.1
1921.....	9.5 : 4.8	9.0 : 4.6	9.5 : 4.8	9.3 : 4.7
1922.....	16.2 : 8.6	15.7 : 8.4	17.3 : 9.2	16.2 : 8.6
1923.....	15.0 : 7.6	16.6 : 8.4	19.2 : 9.8	16.1 : 8.2
1924.....	16.6 : 8.6	13.5 : 7.0	11.9 : 6.2	14.3 : 7.4
1925.....	14.5 : 7.8	14.0 : 7.5	15.0 : 8.1	14.3 : 7.7
1926.....	13.1 : 6.4	12.0 : 5.8	14.6 : 7.1	13.8 : 6.7
1927.....	16.0 : 7.1	15.0 : 6.6	17.4 : 7.7	16.6 : 7.3
1928.....	10.9 : 5.0	14.0 : 6.4	16.2 : 7.4	15.3 : 7.0
1929.....	13.5 : 5.6	14.0 : 5.8	16.1 : 6.7	15.6 : 6.5
1930.....	13.3 : 4.0	15.0 : 4.5	17.8 : 5.3	16.0 : 4.8
1931.....	19.0 : 4.2	17.0 : 3.8	19.7 : 4.4	18.2 : 4.0
1932.....	13.8 : 3.0	14.0 : 3.1	16.9 : 3.7	15.4 : 3.4
1933.....	13.3 : 3.5	11.0 : 2.9	12.4 : 3.2	11.9 : 3.1
1934.....	10.0 : 3.4	15.5 : 5.2	20.9 : 7.1	17.4 : 5.9
1935.....	11.6 : 4.2	12.0 : 4.3	14.6 : 5.3	13.3 : 4.8
1936.....	b/ : b/	b/ : bb/	b/ : b/	19.0 : 5.7

a/ Production very limited if any. b/ Not available prior to 1919, nor by Provinces in 1936. c/ The Mexican dollar, introduced from Mexico, was generally used as the monetary unit in China from 1854 to 1914 when the Yuan Shih-Kai was coined. The Mexican dollar then began to disappear, and in April, 1933 the Yuan Shanghai was designated as the official monetary unit of the National Government. The term "Mex" has survived, however, and is frequently used (as above 1933-1936) to indicate Chinese Yuan.

Almost the entire Chinese flue-cured crop is produced from United States seed, or from seed of a United States flue-cured type that has been acclimated in China. It has been found that best results are obtained by using seed from types acclimated 1 year in China, as plants direct from United States seed do not satisfactorily withstand the new environment. On the other hand, plants from seed that has been propagated too long in China are not desirable, as they usually differ materially from the original United States type. Cross pollination with Chinese types takes place in some districts, and the plant is also affected by soil and climatic influences. A fairly large part of the Shantung crop is grown from seed of newly acclimated types. In other areas, most of the seed used is from 4 to 10 years removed from the original source.

Chinese flue-cured tobacco is used almost entirely as a substitute for United States flue-cured in the manufacture of cigarettes. Only limited quantities are used for pipe tobacco. The flue-cured crop is largely consumed in China, but in recent years exports have increased, particularly to Japan and Manchuria. Limited quantities are sold in Europe.

### Marketing

#### Native types

Marketing the Chinese tobacco crop is a costly process, although the present practices apparently have been in existence for centuries. Charges, aside from transportation, taxes, and other fixed costs, often equal or exceed the price received by the farmer. With the exception of part of the flue-cured production, which is bought directly from farmers by manufacturers, tobacco passes through the hands of many dealers before it reaches the factory. There has been little or no attempt at cooperative marketing, but marketing monopolies have been tried.

Following the common practice, a small farmer sells to a local dealer or (if he is a tenant) to his landlord. The local dealer, or landlord, sells to a larger dealer in a nearby village. The larger dealer sells to a dealer located at some shipping point and the dealer at the shipping point sells to a Hong (large dealer in a market center). The Hong sells to the manufacturer. The tobacco may be increased in value as a result of its being sorted or graded somewhere along the line, but most of the price spread after it leaves the farmer is the result of commissions and profits exacted by the numerous traders who have handled it.

It sometimes happens that the different traders, from the small country buyer up to the large Hong, are representatives of a single organization. In such cases, each trader receives a fixed commission for handling the tobacco. The most common practice, however, is for traders to work independently of each other in an endeavor to realize the greatest profit.

#### Flue-cured types

Methods. Little discrimination is used in the grading of Chinese tobacco. With the exception of part of the flue-cured types, grading is

usually performed by buyers and dealers, and merely consists of a rough separation of the leaves, based upon color only. A few of the larger growers make some effort to grade their crops, but, in general, the farmer packs all of his tobacco into one large bundle or bale.

Much of the flue-cured crop is bought directly from farmers by cigarette manufacturers. Buying methods are somewhat similar to those on the loose-leaf markets of the United States. The chief difference is that there is no competitive bidding. Before offering a price, buyers for the factories place the pile of tobacco offered by the farmer into a grade that fits most of the tobacco in the pile. Thus, through the experience of selling to buyers, farmers have learned something of sorting their crop so it will bring the maximum price. Their efforts, however, are not very thorough.

Tobacco markets maintained by manufacturers are usually located at shipping points. Redrying plants are generally built adjacent to the markets to facilitate handling the tobacco after purchase.

It is stated that better results are obtained when only one manufacturer buys in a district. The growers seem to respond better and a more orderly system of marketing can be maintained. If one manufacturer is assured of being able to buy the entire production of an area, he will put forth greater effort to improve the quality of the product. Moreover, a closer supervision of seed distribution and cultivating and curing methods is thus made possible. Seeds are distributed only to farmers with adequately equipped curing sheds. Buyers may also refuse to buy all or part of a crop that is not properly cured or otherwise prepared. On the other hand, a grower may refuse to sell if the prices or weights are not satisfactory to him.

If more than one agency is located within a single district, buying methods necessarily become competitive. The grower sells on a serial number given him when he brings his crop to the market of his choice. 7/ Farmers are not forced to cure and handle their crop properly, though there is nothing to prevent their doing so in view of a better price. Buyers are reluctant to refuse the purchase of unsalable grades, lest the grower take offense and sell all his crop to the competitive organization.

After the manufacturer has purchased tobacco from the farmer, it is immediately redried and shipped to a factory warehouse for storage (figure 7). A minimum amount is held in storage at the marketing center, as there is more risk in storing in country districts than in manufacturing centers.

Costs. The initial step in getting tobacco to market in China is inexpensive but requires much time. The grower transports his crop to market on wheelbarrows, pack animals, or crude carts (figure 3). Great distances are sometimes thus covered by farmers who live in the outskirts of the marketing area.

7/ Under the other system, when seeds are distributed to the grower, he also receives a numbered barn pass, which admits him only to the market maintained by the one manufacturer in the district.



The cost of delivering flue-cured tobacco from production districts to factories varies materially. Little difference in cost results from proximity of the district to a manufacturing center, but cost does vary materially as a result of the manner in which the tobacco of the district is purchased. For the Anhwei and Shantung districts, where most of the crop is bought directly from farmers by manufacturers, costs are materially lower than for Honan Province, where a large part of the tobacco is bought through dealers (table 4). Total costs, when purchases are made direct, average about 11.00 Mex. cents (3 United States cents) per pound. When purchases are made through dealers, the costs average 19.00 cents (6 United States cents) or more. Buying and redrying charges are also much higher when tobacco is marketed through dealers. Most dealers are not equipped to redry, and must rely on an outside organization, whose charges are much higher than average redrying costs of the manufacturer who owns his own redrying plant.

Table 4. Estimated cost per pound of delivering Chinese flue-cured tobacco from growers to Shanghai manufacturers, crop year 1935-36

Item	Production district		
	Anhwei	Honan	Shantung
	Mex. cents	Mex. cents	Mex. cents
Purchasing and delivery	:	:	:
to railroad.....	1.50	5.40	1.50
Leaf tax <u>a/</u> .....	3.76	<u>b/</u> 2.50	3.76
Railroad freight.....	<u>c/</u> 1.75	2.00	.60
Water freight.....	:	1.50	1.30
Shrinkage loss in redrying <u>d/</u> .....	1.16	1.00	1.31
Redrying charge.....	2.30	2.60	2.40
Miscellaneous <u>e/</u> .....	.50	4.00	1.10
Total.....	10.97	19.00	11.97
Total cost in terms of United	:	:	:
States cents <u>f/</u> .....	3.24	5.62	3.54
	:	:	:

a/ See "Sales taxes on leaf tobacco," p. 24.

b/ It is estimated that about 30 percent of the tobacco sold in Honan escapes payment of the required tax of 3.76 Mex. cents per pound.

c/ May be shipped entirely by rail, or part way by rail and rest by water.

d/ 10 percent of sale price for proportion of crop redried. Some Shantung and Anhwei tobacco and much Honan tobacco is used without redrying.

e/ Includes overhead, insurance, profit, and miscellaneous costs. The items for Anhwei and Shantung are relatively low, as almost the entire crop of Anhwei and half or more of Shantung is bought directly from farmers by manufacturers. For Honan practically the whole crop is bought through dealers.

f/ Converted to United States cents on basis of the average rate of exchange during the 1935-36 marketing season (1 Mex. dollar = 29.5858 United States cents).

#### Cooperatives and monopolies

Some effort has been made to establish cooperative marketing of tobacco in China. A few local associations have been organized, but there has yet been no important movement on a national basis. During recent



years a number of tobacco-marketing and cigarette monopolies have been attempted, but they have all been short-lived. Most of them covered only one Province and were instigated by the government of that Province. As a rule, they did not have the support of the National Government; consequently their existence ended with a change in local government officials.

The most recent marketing monopoly organized in China is the Kwangtung Province Monopoly, established in March 1936. This monopoly has been endorsed by the National Government, and it now appears that it will continue for some time. The monopoly is confined to the purchase and sale of leaf tobacco for the manufacture of smoking tobacco. 8/ Under the regulations, all growers are required to sell their leaf to the monopoly at fixed prices. Tobacco thus purchased will be sold to manufacturers at higher prices, or will be exported for the best price obtainable. Manufacturers who export smoking tobacco will be refunded part of the leaf purchasing price.

The Kwangtung Monopoly was established primarily because the Provincial government was unable to collect its tobacco taxes. Under the monopoly, there are no taxes and the government's profit comes from the resale of tobacco. It is the intention of the monopoly organization to import United States flue-cured seed and to attempt the production of cigarette tobacco. In that event, it is possible that the present monopoly will be extended to cover the cigarette industry.

For many years, the Chinese Government has considered the possibility of establishing some kind of tobacco monopoly for all China. Opposition to the plan, however, and the difficulty of maintaining a monopoly for the whole country have prevented it.

#### Sales taxes on leaf tobacco

Sales taxes on leaf tobacco sold by farmers have existed in China for a number of years. Prior to 1915, these taxes were levied by the various Provincial governments. Tax rates varied among Provinces, and even among different districts in the same Province. Taxes were levied for each area in accordance with what the trade would stand.

In 1915, the National Government promulgated a law that established a leaf-tobacco tax for all China. The law provided that the rate of tax might vary between 10 and 50 percent ad valorem in accordance with local conditions. The prevailing rate established in most areas was 20 percent ad valorem. In the application of the tax, a fixed rate per pound was established. The average value of tobacco per pound in the area was determined and the tax rate fixed at 20 percent of that value. These fixed rates were changed from year to year in accordance with price changes. In 1918, the national tax on flue-cured tobacco was changed to a tax on curing barns. Large barns were taxed \$12.00 Mex. (\$8.90 United States currency) per year; medium-sized barns, \$10.00 Mex. (\$7.40); and small barns, \$8.00 Mex. (\$5.93). This method of taxation proved unsuccessful and was soon dropped.

8/ There are no cigarette factories in the area; neither is there any production of tobacco used exclusively for cigarettes.

Prior to 1929, leaf taxes were collected by the Provincial governments and refunds made to the National Government. In 1929, collection was taken over by the National Government, and efforts toward more uniform rates were begun. In 1931, the tax on flue-cured tobacco was fixed at a uniform rate of 3.38 Mex. cents, (0.8 cent) per pound. Rates for other types varied materially, but in nearly all cases they were lower than the rate for flue-cured.

In 1933, a uniform tax rate to be collected on all types of tobacco was set at 3.76 Chinese cents, (1 cent) per pound, the rate now in effect.

#### Imports and exports

Tobacco and tobacco products have been articles of Chinese commerce for centuries. As early as the sixteenth century, tobacco was brought to China by Spanish and Portuguese traders from the Philippines and other Spanish possessions. Imports, throughout, have been in the form of manufactured tobacco products and some types of leaf tobacco not produced in China. Tobacco exports, consisting of leaf principally, apparently did not begin until about the nineteenth century. During the early years, both the export and import trade was in cigar types or other dark tobacco.

The earliest available records of more than 50 years ago show that in the tobacco trade China was a net exporter (that is, total exports of tobacco exceeded total imports). The trade status continued thus until 1912, when the increase in consumption of light tobacco began to expand the import trade and China became a net importer. From 1912 to 1934, with the exception of a few years around the World War period, imports of tobacco exceeded exports (appendix table 5). The peak of the import trade was reached in 1931, when 176 million pounds were imported. Since that time, cigarette tobacco produced in China has been substituted for imported leaf, and an average of only 46 million pounds was imported from 1934 to 1936.

#### Imports of leaf tobacco

For many years the United States has been the chief source of leaf tobacco imported into China (appendix table 6). In recent years, imports from this country have accounted for over 90 percent of the total. The bulk of the trade is direct via the Panama Canal. In addition, smaller quantities are imported indirectly through Hong Kong and Macao (British and Portuguese possessions off the coast of southern China). Tobacco is shipped to these points via Suez and transshipped to Chinese ports. Since 1909, flue-cured tobacco has been the leading type imported from the United States. Some dark Virginia types, Green River, and Burley also have been imported, but the volume has been small, especially since 1928.

Among other countries supplying leaf tobacco to China are Japan, Taiwan, the Philippine Islands, and the Netherlands Indies. Imports from Japan are reported to be of cigarette tobacco, part of which in recent years has been flue-cured; that received from other Asiatic countries is principally cigar tobacco or other dark types.

### Imports of tobacco products

From 1909 until about 1930, China engaged in an active import trade in cigarettes. The trade reached its highest point in 1923, when 28,674,000 pounds were imported. In 1909 and during the period 1914-1918, cigarettes accounted for more than half the total tobacco imports. The United Kingdom, before the World War, and the United States afterward were the chief sources of supply (appendix table 7). United States tobacco was used extensively in both countries in making cigarettes for export to China, but the manufacturing interests involved were principally British. Transportation difficulties incident to the war shifted the manufacture of cigarettes for the Chinese trade from the United Kingdom to the United States. Later, it became more advantageous for the large manufacturers interested to make the cigarettes in China from imported United States leaf; consequently, imports of cigarettes from the United States declined. As the United States had been the principal source of supply, total imports also declined, amounting to less than 500,000 pounds in 1936.

Chinese imports of prepared tobacco and cigars are insignificant as compared with imports of leaf and cigarettes. Prepared tobacco consists of smoking tobacco principally, and until 1923 it was classified in Chinese trade reports with leaf tobacco. Imports during the period 1934-1936 were largely from the United States and averaged 139,000 pounds. Cigars are imported principally from the Philippine Islands and other eastern Asiatic countries.

### Exports

Chinese tobacco is shipped to many countries. The trade reports show large exports to Hong Kong and Macao, but only a portion of the tobacco exported to these points is used locally (appendix table 8). Most of it is reexported, either to other Asiatic points, Africa, and Europe or to North and South America. The greatest trade is with Japan and other Asiatic countries. Egypt and continental Europe also take important quantities.

Throughout the history of the export trade, leaf tobacco has been the principal item, although a sizable cigarette trade existed during the decade 1920-1929. In general, the export trade is regular, responding normally to economic influences. The volume of leaf exports before the World War averaged about 22 million pounds, but through 1919-1928 it was stimulated to 30 million pounds. There were only 17 million pounds exported annually during 1929-1933, but in 1934-1936 leaf exports exceeded those of the war period, averaging 33.5 million pounds. This recent increase was due almost entirely to the exports of light tobacco to Manchuria, an integral part of China until July 1932 (table 8, note 4). It is a fact, however, that the production of light tobacco in China increased during 1934-1936 and that greater quantities have been substituted in Europe and other areas.

Exports of cigarettes were not important until after the war. The trade flourished from 1920 to 1929, averaging 11.6 million pounds annually. The principal destinations were other Asiatic countries - Japan, French



Indo-China, the Straits Settlements, and India. Exports have declined since 1929, chiefly as a result of increased cigarette production in the countries that formerly bought from China.

At one time, there was an export trade in prepared tobacco amounting to about 10 million pounds, but it too has declined to an unimportant status. Cigar exports have never been important.

### Duties

China did not have trade agreements with outside countries or fixed import and export duties prior to 1843. All goods imported or exported were subject to such duties as Chinese authorities desired to levy. Following the Opium War between China and the United Kingdom in 1843, trade agreements were made with the United Kingdom, the United States, and France. From the establishment of these agreements until 1929, Chinese import and export duties were largely regulated by foreign powers.

In 1843, import and export duties were fixed for leading articles of Chinese commerce at rates in haikwan taels, 9/ equal to 5 percent of the estimated value of the product at the time rates were fixed (table 9). At that time imports of tobacco were not sufficiently important to be included among the goods for which specific rates were fixed. If an import duty was charged on tobacco or tobacco products, the assessment was 5 percent of their value at the time of import. Exports of tobacco were apparently of more significance, and specific rates of duty were fixed for leaf and all tobacco products.

After 1858 duty rates on all products were continued at 5 percent of the value of the goods to which they applied, but rates on leading articles were adjusted in accordance with changes in values. In the 1858 schedule, snuff was the only tobacco product on which a specific rate of duty was fixed. Imports of leaf and all other products apparently were still unimportant, and duty on them, if paid, continued at 5 percent of their value at the time of import. Export-duty rates on leaf and all tobacco products were modified in 1858 and were not changed again until 1931.

In 1902, import-duty rates for leading imports were changed to 5 percent of their value during the period 1897 to 1899. In this schedule, specific rates were fixed for leaf tobacco and all tobacco products except snuff, for which a rate of 5 percent ad valorem was to apply.

In 1917, import duties, effective in 1918, were adjusted to 5 percent of the 1912-1916 values. The fixed rates for leaf tobacco and all tobacco products except snuff were modified. Leaf and leading products were also divided into classes based upon value.

In 1922, import-duty rates, effective in 1923, were adjusted to 5 percent of the market value of goods imported during the period October 1921 to March 1922. The fixed rates on leaf and all products except snuff were adjusted, and there was a further division of products into classes of different value.

9/ Chinese customs unit of value representing a fixed quantity of silver.

A national, autonomous import tariff came into effect on February 1, 1929. Since then the Chinese have adjusted their tariff rates independently of foreign powers. The 1929 schedule contained rates of duty varying from 7.5 to 27.5 percent ad valorem, based upon valuations of the import tariff of 1922. As it applied to tobacco, the schedule remained almost unchanged in form from the tariff of 1922 (effective January 17, 1923), but the rates were increased sharply. The fixed duties on leaf tobacco were doubled; they were increased by 50 percent on cigars and cigarettes, and by 450 percent on prepared tobacco and snuff.

In 1930, the customs unit of value was changed from haikwan taels to gold units, 10/ but the classification of products and duty rates remained unchanged. Rates were merely changed to the gold-unit basis in accordance with the par-exchange values of gold units and haikwan taels.

Further changes were made in the tariff in 1931, 1933, 1934, and 1937. Although there was a slight reduction in the duty on leaf tobacco in 1933, the general trend in duty rates was upward. This trend was more often accomplished by adjusting or stretching the brackets than by actually changing the rates. Drastic changes were made in the rates, however, in 1931, when duty increases ranging around 600 or 700 percent were placed on cigarettes and cigars and increases amounting to 80 percent on other tobacco products.

The last change in the rate on leaf tobacco was made in 1934. By the terms of that change, imported leaf tobacco, valued at not more than 175 gold units per 100 kilograms (52 United States cents per pound), bears an import duty of 6.60 gold units per picul (about 2 cents per pound). Leaf exported from the United States to China falls within this bracket. Tobacco stems, another item important in the United States trade with China, have been taxed 15 percent ad valorem since May 1933.

In 1937, the import schedule for cigarettes was reduced to six classes and the duty revised to place higher rates on the lower-priced brackets. No change was made in the duty on other products or on leaf.

#### Consumption

It is estimated that in recent years China has consumed about 1,200 million pounds (redried) of tobacco annually. Of this amount, approximately 80 percent is used in the form of pipe tobacco, 15 percent in cigarettes, 4 percent in cigars, and 1 percent as snuff.

Per-capita consumption of all tobacco at present is probably around 2.8 pounds per year, which is low compared with 6.6 pounds in the United States. The amount compares favorably, however, with that of the neighboring countries. In Japan, the rate is approximately 2.3 pounds per capita and in India, 3.9 pounds.

The low per-capita consumption of tobacco in China, as contrasted with consumption in the United States, may be attributed primarily to the lack of purchasing power. Restrictions against the use of tobacco are

10/ A customs unit of value representing a fixed quantity of gold.

few, if any. It has been used throughout China for centuries by people of both sexes. Consumption of tobacco among women is probably as prevalent as in the United States but their per-capita consumption is lower.

Approximately 85 percent of the Chinese people may be classed as rural, most of whom have very low incomes; an additional 12 percent are laborers and small shopkeepers with low incomes; and the remaining 3 percent include salaried, professional, and other classes of higher incomes. As the total net cash income per farm family is estimated to be only about \$50.00 (United States currency) per year, the amount of money available for tobacco is obviously very limited. Funds available for purchase of tobacco by laborers are not greatly in excess of those of the farming class. Incomes of the salaried class are also limited. It is estimated that the average clerk in the large towns and cities receives less than \$97.00 per year. From this amount probably less than 10 percent is spent for the purchase of tobacco and similar luxuries.

### Pipe tobacco

Low purchasing power, moreover, increases the consumption of tobacco in its cheapest form; consequently, the consumption of pipe tobacco exceeds that of any other tobacco product. Available information indicates that nearly 1 billion pounds of tobacco are consumed annually as pipe tobacco. Pipe smoking is very general throughout China and is more extensive in the interior and among older people, where the cigarette habit has not been established. Chinese pipe tobacco is made almost entirely from native leaf. All types, except flue-cured, are used extensively for pipes. The manufacture of pipe tobacco is an industry composed of small operators scattered throughout the country. Very few large concerns make it in volume. Some farmers are also manufacturers, converting their own crops into a retail product. The greater output, however, is by individuals in villages and towns who buy leaf through tobacco dealers. There are neither established smoking brands nor organized methods of distribution and sale of the product. Usually the manufacturer is also a retailer, having a small shop, which he uses for both manufacture and sales. Few manufacturers have sufficient volume of business to be wholesalers.

Two general methods of preparing pipe tobacco prevail. The most common is to cut tobacco similar to that in America but usually somewhat finer. The other is to make small rolls of leaf about 1 or 2 inches long and varying in diameter from one-fourth to over one-half inch. This method is more common in the areas of southern and southwestern China, where cigar-type tobacco is produced. As a rule, nothing is mixed with the leaf in preparing the rolls.

Leaf to be made into pipe tobacco is purchased soon after harvest and is not aged for any length of time. It is usually stemmed unless the midrib has been beaten or ironed out during the curing process. In some districts, various substances are mixed in for color and flavor or for some medicinal property. The finished product is commonly sold in bulk, and in some areas it is packed in small packages of various sizes weighing from a few ounces to a pound or more. Prices vary widely. In small villages they are usually very low; in larger cities, they are higher, particularly for tobacco made from selected leaves or tobacco that has had special treatment in preparation.



Pipe tobacco is smoked in water pipes and in dry pipes. Water pipes are constructed with a bowl that will hold a very small portion of cut tobacco or a small roll of tobacco. The bowl is on the end of a tube, which extends down into the water chamber of the pipe. The stem of the pipe is connected with the water chamber above the level of the water, which enables the smoke to be drawn through the water. Dry pipes are usually made with a long stem and a small bowl.

The water pipe is a feature of many Chinese homes - one pipe serving the family. Moreover, Chinese restaurants, inns, theaters, and other places of amusement usually keep a supply of water pipes on hand for the use of their patrons. The customers purchase a portion of tobacco and smoke it in the pipes furnished them.

#### Factory-made cigarettes

The volume of tobacco consumed in cigarettes in China is now second in importance to the consumption of pipe tobacco. The average cigarette consumption since 1930 has been about 180 million pounds, 11/ compared with 50 million in 1920 and an estimated 18 million in 1910. Because of a sharp price differential between cigarettes and pipe tobacco, cigarette consumption in China is relatively low. The present per-capita consumption is estimated to be only about four-tenths of a pound per year.

The first cigarettes consumed in China were imported. As a consequence, consumption began in the Pacific ports and Yangtze River port cities, where ocean-going vessels called. These areas have continued to be the most important centers of consumption (figure 9). Lack of purchasing power, poor transportation facilities, and difficulties in marketing have prevented expansion in the interior. Consumption in the interior Provinces is confined largely to the cities.

Cigarette-making machines were first imported into China in 1891, but cigarette production in volume did not begin until some years later. The first important manufacturing plant was established in 1902. In the earlier years, production of cigarettes was relatively unimportant, as compared with imports; but, with the exception of the World War period, production has exceeded imports since 1910. Both production and consumption of cigarettes have increased continuously except during periods of internal disturbances. A rapid expansion occurred between 1928 and 1930, when levels of production and consumption approximating those of the present were reached.

The first cigarette factories established in China were owned and operated by foreign companies, largely British and American. They supplied most of the cigarettes consumed, as Chinese factories were not established until about 1905 and some were later closed. One of these closed factories, reorganized in 1908, is now the most important company in the Chinese-owned group. Through most of the period 1908-1924, however, production continued to be largely by foreign companies. Internal disturbances (1925-1928), followed by a boycott on foreign goods, resulted in, first, a decline in the sale of cigarettes made by foreign-owned companies and, second, the establishment of many small Chinese-owned factories. Thus, the decline in sales of foreign-owned companies was offset to a large extent by an increase in the sales of Chinese-owned companies.

11/ Cigarettes produced in China for local consumption plus the quantity imported.



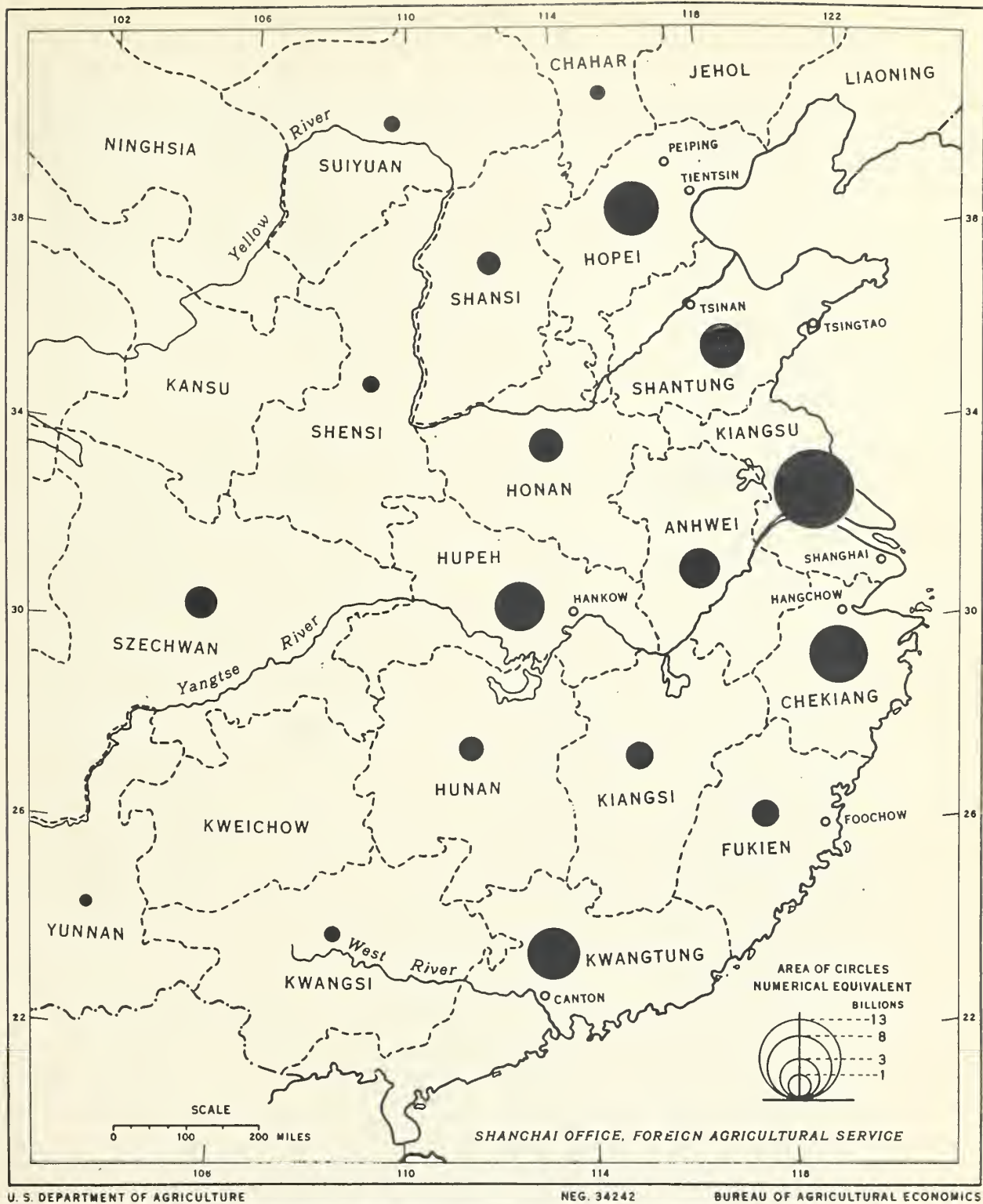


Fig. 9. Consumption of cigarettes, by Provinces, in China, year beginning July 1934.

As the resentment against foreign goods decreased, foreign companies regained their former business. Many of the small Chinese-owned establishments could not meet competition, and their number declined from 200 or more in 1927 to about 90 in 1929. They were then manufacturing about 40 percent of the total production, as contrasted with 60 percent manufactured by the new foreign companies. During the fiscal year 1934-35, however, about 49 percent of the cigarettes sold were manufactured by 110 Chinese-owned companies, as compared with 51 percent sold by 10 foreign-owned companies (appendix table 10).

By a Government order issued in 1934, cigarette manufacturing in China was confined to the cities of Shanghai, Hankow, Tientsin, and Tsingtao. Production was limited to those cities in order to facilitate the collection of the internal-revenue tax on cigarettes. Prior to 1934, many small operators were manufacturing cigarettes in small towns in the interior and avoiding tax payment. Approximately 60 percent of China's cigarette production during normal years is at Shanghai.

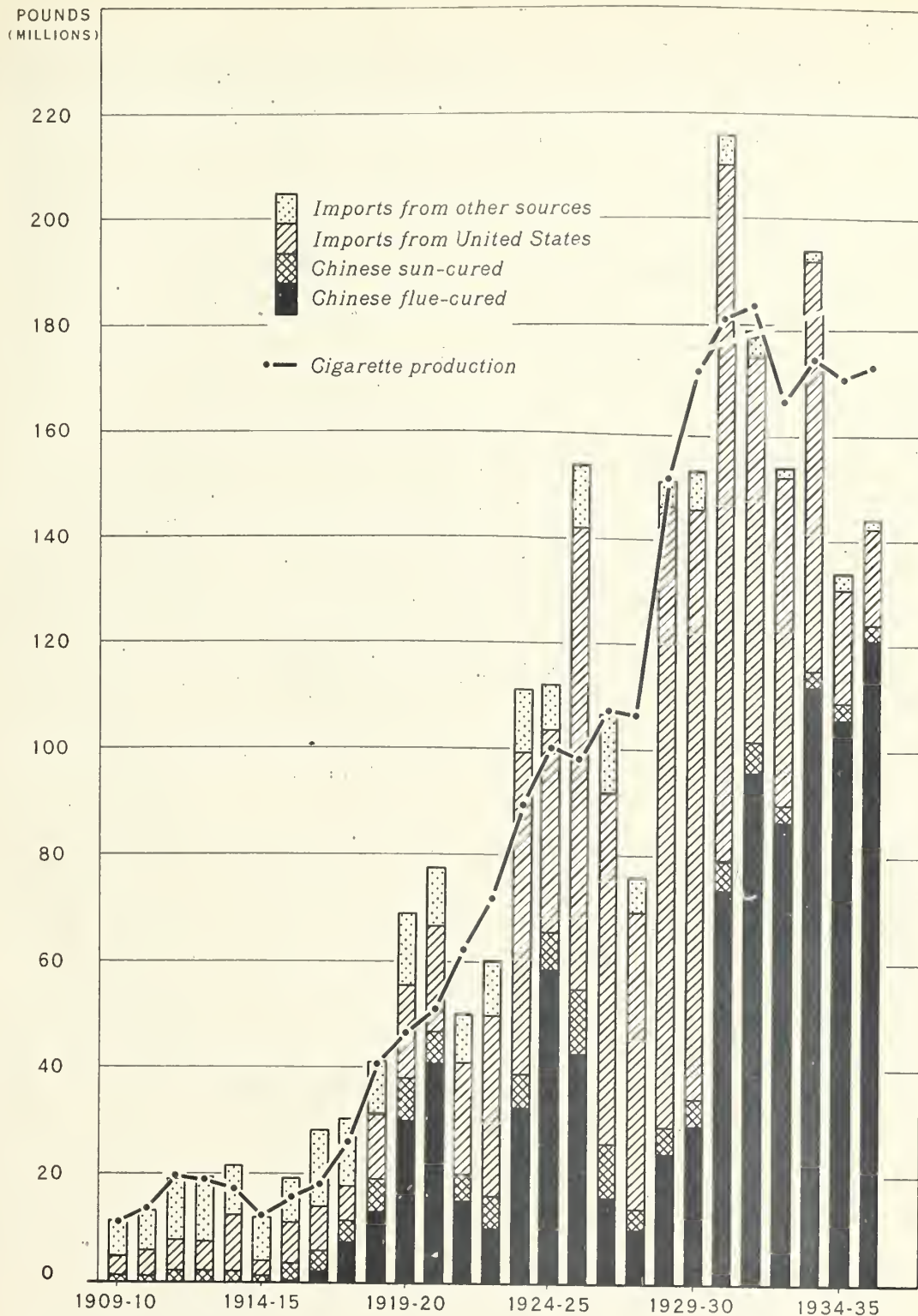
The first cigarettes used in China were imported and were made largely from United States tobacco; consequently, when cigarette production began in China, the demand was for United States leaf. During the earlier years, cigarettes from relatively dark tobacco were in demand. Cigarette blends included United States flue-cured, with a portion of dark types (notably Virginia fire-cured, Green River, and Burley) and a small portion of Chinese tobacco. Fairly important quantities of United States dark tobacco were used in cigarettes as late as 1927. The Chinese leaf consumed was both light and dark tobacco, but the quantities used were not sufficient to affect the taste of the cigarettes. In more recent years, the cigarette demand has shifted from dark- to light-tobacco content. Since about 1920, flue-cured tobacco (produced in either the United States or China) has comprised over 90 percent of the cigarette content (figure 10).

Commercial production of the United States type of flue-cured tobacco began in China in 1916 and has replaced varying amounts of American leaf. The Chinese product, which in recent years has been available to manufacturers at prices much below those of United States tobacco, is sufficiently similar to the United States type to serve as a substitute. Cigarette companies, however, preferred to use some American leaf to secure the desired taste. In the lower-grade cigarettes, stems and trimmings are added for this purpose.

As Chinese cigarette manufacturers do not have strictly to maintain established blends, they do not carry large stocks of leaf tobacco, as United States manufacturers do. Many of the smaller companies have only a few months' supply on hand at any time. Even among the larger companies, stocks at the end of the marketing year are often reduced to a 6 or 10 months' supply. Among other reasons for low stocks is the fact that tobacco discolors badly in storage under climatic conditions in China, and there is danger of its being destroyed during internal disturbances, which in the past have resulted in considerable insecurity for products held in storage.

In recent years the demand for tobacco used in cigarettes in China has been for a very bright quality. As a consequence, it has become a general practice to use tobacco during the year following its harvest. Important quantities are used immediately after harvest and without being redried.

# CHINESE CIGARETTE PRODUCTION AND SOURCE OF LEAF TOBACCO, 1909-10-1935-36



U. S. DEPARTMENT OF AGRICULTURE

NEG. 34252

BUREAU OF AGRICULTURAL ECONOMICS

FIG 10



Prices. Cigarette prices in China vary widely. In 1936, the most popular brands sold wholesale for about 1.25 yuan (37 United States cents) per thousand. The lowest grades were even cheaper in price, while the best grades sold for about 6.07 yuan (\$1.81) per thousand. American and British imported brands were as high as 22.00 yuan (\$6.56) per thousand.

Prices of specified brands differ materially between points. Part of the differential is due to shipping and handling charges, and part to variation in the exchange value of local currency. Until recently there has been but little uniformity in the value of currency among the various Provinces. The copper is the coin of lowest value commonly used by the laboring and farming classes, who may purchase from one cigarette up to a package at a time. The value and size of the copper coin vary in different sections of the country. A standard Chinese dollar is equivalent to about 300 of the most common copper coins but varies from 50 to 400. One United States cent equals in value about 10 of the common Chinese coppers. Manufacturers attempt, as far as possible, to adjust their wholesale prices so that the retailer can sell a certain number of cigarettes for the value of the copper in that area. For example, two cigarettes are sold for 1 copper, one cigarette for 1 copper, or one cigarette for 2 coppers.

Taxes. Prices paid for leaf tobacco used in Chinese manufactured cigarettes have become very significant in recent years as a result of increases in the internal-revenue tax, especially on the higher-grade cigarettes. Prior to 1928, there was no uniform rate of tax on cigarettes. Rates varied among Provinces and even among minor political subdivisions within the same Province. Taxes ranged from a small percentage of the wholesale value of cigarettes to as much as 50 percent. There was no uniform method of collection, and important quantities of cigarettes were sold without being taxed. Since the National Government was established at Nanking in 1927, more uniform taxes have been collected.

In February 1928, the first cigarette-tax schedule was put into effect by the Central Tax Bureau. Tax rates varied in accordance with the wholesale value of different grades, between \$20.25 Mex. (\$9.25) per case of 50,000 cigarettes for the lowest, grade 7, to \$249.00 Mex. (\$113.79) per case of 50,000 for the highest, grade 1 (table 11, appendix). Numerous changes have since been made and in April 1937 the number of grades was changed to four, with a minimum tax of 100.00 yuan (\$29.38) and a maximum of 300.00 yuan (\$235.04) per case.

In addition to increases in tax rates, which necessitated the use of low-priced tobacco, there was a decrease in purchasing power from 1931 to 1935. The combined effect of higher taxes and lower purchasing power resulted in the use of lower-grade tobacco in factories and the sale of lower-priced cigarettes to consumers (table 12, appendix).

#### Hand-rolled cigarettes

A hand-rolled cigarette industry, which began in China in about 1925, now accounts for approximately 10 percent of the total cigarette consumption. This industry is composed mainly of numerous very small producers who make cigarettes that escape taxation, or that are taxed much below the rate charged to regular manufacturers. The making of hand-rolled



cigarettes is confined largely to the Yangtze Valley and the Provinces in which flue-cured tobacco is grown. Its development is largely the result of increased taxes on factory-made cigarettes.

Hand-rolled cigarettes are made by small hand contrivances, capable of producing from 50 to 100 cigarettes per hour. Low-grade native flue-cured tobacco and small quantities of native sun-cured are used, and the finished product is sold at prices much below the cheapest factory-made cigarettes. Cigarette papers used by the hand industry are often smuggled into the country. They frequently carry trade marks so similar to the established brands of cigarettes made by manufacturers, that the average consumer cannot distinguish the difference when buying.

Hand-rolled cigarettes were not taxed until their output had reached important quantities. Even then, the producers were favored with lower taxes (one-tenth of the regular rate) because they were supposed to represent a large number of poor people who would otherwise be without employment.

The Government has found it difficult to collect the tax, and various regulations to insure collection have been put into effect. All hand-rolled makers are required to register with the authorities and to use only cigarette papers sold to them by the authorities. It is stated, however, that thousands did not register and continued to use contraband paper. The Nationalist Government has made numerous attempts to suppress the hand-rolled production. Regulations made in February 1936 were intended finally to abolish this trade. Registered makers were required to retire from the business through drawings made in January, May, and September of 1936 and January 1937; that is, makers whose names were drawn on those dates were required to cease operating within 4 months after the date of drawing.

#### Cigars and snuff

Although 40 percent of the total Chinese tobacco production is estimated to be of cigar type, not over 4 percent of the total tobacco consumption is in the form of cigars. Chinese cigar consumption has always been relatively unimportant, primarily because of the increased cost compared with pipe tobacco and cigarettes.

Cigar manufacturing is carried on to a limited extent in most of the large centers throughout China. The industry is entirely on a hand-made basis, and there are no large producers. Production is largely from native tobacco, although wrappers are sometimes imported for use on the better brands. There are no established brands of importance.

Three types of cigars are generally used. The most common is a small cigar similar to the American brands Opera and Between the Act. Another type is merely a roll of tobacco somewhat similar in size to the standard American cigar. There is a small production of a type similar to the common American cigar.

The consumption of snuff in China was very common a century ago. In recent years, consumption in this form has been very limited. It is largely confined to the interior Provinces. The making of snuff is entirely by hand from native tobacco.

### Summary

Tobacco has been growing in China for more than three centuries, but there is not much to indicate that it is indigenous to the country. It was evidently introduced into China from the Philippine Islands during the last quarter of the sixteenth century. Later it was brought in from other sources. Early consumption was in the form of snuff and pipes and it was believed to have medicinal virtue. The Chinese were among the first to recognize the value of tobacco as an insecticide. In about 1800 they used it to kill insects in books, in clothing, and on vegetables.

Tobacco is now grown to some extent in every Province in China. The total volume of production is not definitely known, but it has been variously estimated to be about 1,300 million pounds; classified as follows: Sun-cured types (light and dark) 47 percent; cigar types, 40 percent; and flue-cured types, 13 percent.

The sun-cured types are chiefly used in pipes, with small quantities used in cheap cigarettes. A small quantity of both light and dark types is exported. Cigar tobacco is used primarily in pipes and to some extent for cigars. The flue-cured crop is largely consumed in China as a substitute for United States flue-cured in the manufacture of cigarettes.

It is estimated that in recent years China has consumed about 1,200 million pounds (redried) of tobacco annually. Of this amount, approximately 80 percent is used in pipes, 15 percent in cigarettes, 4 percent in cigars, and 1 percent in snuff. Per-capita consumption is estimated at about 2.8 pounds per year, which compares with 6.6 pounds in the United States. The low per-capita consumption is attributed in part to lack of purchasing power.

Chinese production of the flue-cured type began commercially about 1916. Both seeds and methods were brought from the United States. The production fostered by large manufacturers now extends into three Provinces and has opened a new source of flue-cured tobacco. Development has been rapid, the crop increasing in 21 years from 2.4 million pounds to 210 million pounds, the estimated production of 1937. Other potential producing areas are available, and further expansion is possible.

The first cigarettes used in China were imported and made largely from United States tobacco; consequently, when cigarette production began in China the demand was for United States leaf. During the early years this included not only flue-cured, but also some small quantities of the United States dark types. Later the demand shifted to light tobacco, and since 1920 the flue-cured type has comprised over 90 percent of the cigarette content.

Cigarette consumption in China has grown during the past three decades about as rapidly as it has in most western nations. In 1910, cigarette consumption amounted to only 18 million pounds. By 1920 it had increased to 50 million and in 1930 to 180 million. During the past 7 years, the average annual consumption has remained at about 180 million pounds. Imported cigarettes in 1910 accounted for fully half of the total Chinese consumption. Although the volume of imported cigarettes increased

for a number of years, the percentage consumed declined rapidly because of increasing domestic production. The quantity of imported cigarettes after 1930 declined sharply on account of the increases in import duty and now represents less than 1 percent of the total consumption.

Cigarette factories in China for several years prior to 1931 consumed annually about 100 million pounds of American leaf. During the past few years, cigarette factories have been rapidly substituting Chinese-produced leaf because of its lower price. United States leaf has cost proportionately more on account of the increased import duties, and the higher taxes on cigarettes have forced manufacturers to make lower-priced cigarettes.

China, which has been the second-best export market for American flue-cured for more than a decade, has sharply reduced imports during the past few years. China's leaf tobacco imports, which averaged approximately 150 million pounds during the period 1928-1931, averaged about 40 million pounds for the 3 years, 1935-1937.

Exports of leaf tobacco from China during the past 3 years have been approximately equal to the volume imported. Flue-cured leaf, which now represents more than half of the total exports, has been shipped largely to Manchuria and to Japan, with small quantities to Europe.

Appendix

Table 5. Summary of the tobacco trade of China, 1909-1936 a/

Year	Gross imports					Exports of leaf and products b/
	Leaf tobacco b/	Prepared tobacco c/	Cigarettes d/	Cigars e/	Total	
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
1909...	8,353	-	8,865	698	17,916	25,087
1910...	13,819	-	10,654	813	25,286	30,244
1911...	13,057	-	11,001	850	24,908	28,062
1912...	19,128	-	12,398	942	32,468	29,283
1913...	21,711	-	17,641	926	40,278	21,495
1914...	15,918	-	17,580	664	34,162	22,341
1915...	10,414	-	14,884	783	26,081	30,399
1916...	19,791	-	18,834	1,027	39,652	28,023
1917...	20,884	-	22,462	944	44,290	31,526
1918...	24,869	-	26,215	1,172	52,256	38,075
1919...	22,266	-	22,240	1,200	45,706	65,943
1920...	30,989	-	23,064	905	54,958	55,609
1921...	29,853	-	23,972	615	54,440	46,045
1922...	35,201	-	28,121	790	64,112	41,973
1923...	41,997	842	28,674	616	72,129	49,267
1924...	92,345	854	27,842	597	121,638	48,131
1925...	74,546	743	18,442	581	94,312	46,438
1926...	101,434	655	21,893	585	124,567	46,827
1927...	85,811	828	13,538	356	100,533	49,572
1928...	143,631	675	26,963	553	171,822	40,342
1929...	123,242	230	22,982	379	146,833	33,770
1930...	128,613	244	17,588	238	146,683	28,365
1931...	167,556	334	8,304	205	176,399	28,091
1932...	83,052	307	2,104	98	85,561	18,436
1933...	56,302	254	710	130	57,396	23,868
1934...	70,869	249	567	155	71,840	35,868
1935...	26,908	136	500	396	27,940	33,483
1936...	38,370	33	211	565	39,179	40,414

a/ Includes Manchuria prior to July 1932.

b/ Leaf includes stems and, prior to 1923, prepared tobacco.

c/ Smoking tobacco and snuff; included with leaf tobacco, 1909-1922.

d/ Conversions based upon the weight of 1,000 cigarettes equal 2.8 pounds.

e/ Conversions based upon the weight of 1,000 cigars equal 23.8 pounds.

Maritime Customs Reports of the Foreign Trade of China.



Table 6. Imports of leaf tobacco into China, by principal countries,  
1923-1936 a/

Country of origin	1923	1924	1925	1926	1927	1928	1929
	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds	pounds
United States.....	30,569	80,063	62,564	89,209	69,000	133,954	117,159
Hong Kong.....	3,670	6,931	7,259	4,572	4,161	3,729	1,495
Macao.....	324	135	292	343	240	235	284
Straits Settlements.....	1	3	18	-	115	3	-
Chosen.....	4,709	919	739	310	253	14	557
Japan (including Taiwan).....	2,116	3,903	2,325	2,230	10,917	3,956	2,629
Soviet Union.....	6	7	44	73	24	8	-
Philippine Islands.....	401	151	376	247	231	332	442
Netherlands b/.....	30	74	69	47	81	74	27
United Kingdom.....	51	22	175	3,759	563	82	59
British India.....	2	29	107	496	133	234	211
Other countries.....	118	108	78	70	93	460	379
Total gross imports.....	41,997	92,345	74,546	101,434	85,811	143,631	123,242
Reexports.....	763	2,001	938	756	1,411	984	1,783
Net imports.....	41,234	90,344	73,558	100,678	84,400	142,647	121,459
	1930	1931	1932	1933	1934	1935	1936
United States.....	120,607	160,886	78,715	53,303	63,293	14,725	22,371
Hong Kong.....	1,769	2,066	618	125	5	-	-
Macao.....	167	70	21	8	-	-	-
Straits Settlements.....	5	34	459	61	26	456	7
Chosen.....	227	25	-	-	-	-	-
Japan (including Taiwan).....	2,115	3,670	1,667	816	499	1,513	1,625
Soviet Union.....	1	19	10	-	-	-	-
Philippine Islands.....	155	239	335	380	715	745	526
Netherlands b/.....	282	44	103	56	87	39	149
United Kingdom.....	3,043	4	252	219	31	7	2
British India.....	138	142	769	249	355	258	59
Other countries.....	104	307	103	c/1,080	c/595	c/530	c/417
Total gross imports.....	128,613	167,556	83,052	56,302	65,606	13,273	25,156
Reexports.....	5,154	1,947	4,693	2,542	554	507	65
Net imports.....	123,458	165,609	78,359	53,760	65,052	17,766	25,091

a/ Not including stems; from 1909 to June 1932, Manchuria is included as a part of China.

b/ Including Netherlands Indies.

c/ From Kwantung Leased Territory, in pounds as follows: 1933, 837,200; 1934, 516,317; 1935, 396,700; 1936, 271,252.

Maritime Customs Reports of the Foreign Trade of China.

Table 7. Imports of cigarettes into China, by principal countries, 1909-1936 a/

Year	United States	Hong Kong and Macao	United Kingdom	Canada	Japanese Empire <u>b/</u>	Other countries	Total
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
1909.....	1,908	661	3,765	-	1,248	1,283	8,865
1910.....	1,499	614	5,951	-	972	1,615	10,654
1911.....	683	525	7,024	153	1,330	1,231	11,001
1912.....	584	533	7,942	905	785	1,649	12,398
1913.....	1,075	624	11,968	1,261	899	1,814	17,641
1914.....	571	1,040	12,622	442	943	1,962	17,580
1915.....	1,067	1,471	10,623	390	653	680	14,884
1916.....	4,544	2,542	8,683	491	1,836	738	18,834
1917.....	10,660	2,467	2,457	3,357	3,268	253	22,462
1918.....	12,854	2,684	662	4,099	5,741	175	26,215
1919.....	11,943	1,996	432	5,126	2,640	103	22,240
1920.....	13,041	1,837	1,305	5,566	1,027	288	23,064
1921.....	17,706	1,200	2,581	2,036	282	167	23,972
1922.....	22,544	1,624	1,367	1,936	280	370	28,121
1923.....	23,090	1,138	1,461	2,555	351	79	28,674
1924.....	22,520	1,767	1,530	1,390	439	146	27,842
1925.....	13,948	1,805	1,844	193	468	184	18,442
1926.....	18,629	243	1,502	822	502	195	21,893
1927.....	11,030	757	872	263	405	211	13,538
1928.....	19,114	1,428	2,572	2,765	575	509	26,963
1929.....	12,598	1,293	7,678	422	360	431	22,982
1930.....	4,883	3,232	8,950	-	247	276	17,588
1931.....	168	1,072	6,742	-	65	257	8,304
1932.....	245	513	1,162	-	49	135	2,104
1933.....	197	9	424	-	1	79	710
1934.....	217	2	266	-	10	72	567
1935.....	210	1	226	-	12	51	500
1936.....	218	-	165	-	4	112	499

a/ Includes Manchuria through June 1932.

b/ Japan, Chosen, and Taiwan.

Maritime Customs Reports of the Foreign Trade of China.

Table 8. Exports of leaf tobacco from China, by principal countries,  
1923-1936 a/

Country	1923	1924	1925	1926	1927	1928	1929
	:1,000	:1,000	:1,000	:1,000	:1,000	:1,000	:1,000
	:pounds	:pounds	:pounds	:pounds	:pounds	:pounds	:pounds
Hong Kong.....	15,068	13,434	9,741	5,952	10,150	11,816	10,717
Macao.....	1,146	1,488	872	1,050	1,520	1,348	2,007
French Indo-China.....	-	b/	-	137	b/	18	22
Siam.....	13	19	14	37	158	122	155
Straits Settlements.....	-	-	-	359	216	134	265
Netherlands Indies.....	574	1,397	2,906	5,706	3,506	5	24
Egypt (including Anglo- Egyptian Sudan) c/.....	4,361	3,074	5,476	2,831	979	427	513
United Kingdom.....	270	91	4	191	448	-	28
Germany.....	2,144	1,945	1,268	3,694	1,351	138	864
Netherlands.....	2,066	1,543	1,229	1,683	576	80	460
Belgium.....	450	518	233	473	421	64	81
Soviet Union.....	670	135	103	139	67	1	-
Chosen.....	2	49	2	486	5,846	2,025	237
Japan (including Taiwan).....	1,926	3,541	4,857	4,425	3,651	2,644	1,256
United States.....	686	73	2	12	158	20	b/
South America d/.....	232	414	724	1,544	1,087	709	366
Other countries.....	59	4	26	193	116	64	19
Total.....	29,697	27,725	27,457	28,962	30,249	19,615	17,014
	:1930	:1931	:1932	:1933	:1934	:1935	:1936
Hong Kong.....	7,611	9,974	4,453	4,447	2,324	3,255	4,063
Macao.....	1,850	1,925	553	851	726	621	532
French Indo-China.....	6	10	114	170	30	305	562
Siam.....	476	366	19	135	16	61	294
Straits Settlements.....	49	502	200	88	6	-	-
Netherlands Indies.....	15	72	233	263	124	140	4
Egypt (including Anglo- Egyptian Sudan) c/.....	1,157	864	1,467	1,092	1,302	1,966	1,649
United Kingdom.....	-	-	103	33	12	59	-
Germany.....	660	1,199	2,133	2,881	1,326	2,583	1,723
Netherlands.....	263	240	329	410	528	254	59
Belgium.....	97	45	164	321	869	1,093	382
Soviet Union.....	-	-	-	-	-	-	-
Chosen.....	b/	b/	-	-	-	2,500	2,589
Japan (including Taiwan).....	2,911	2,728	2,620	2,623	3,573	3,444	3,891
Kwantung Leased Ter. e/.....	-	-	394	6,348	21,453	13,384	22,060
United States.....	-	50	-	-	-	-	-
South America d/.....	305	49	196	168	68	54	43
Other countries.....	129	306	265	1,077	361	225	70
Total.....	15,529	18,330	13,243	20,907	32,768	29,934	37,921

a/ Including Manchuria prior to July 1932. b/ Less than 500 pounds.  
c/ Stated in early years as Turkey, Persia, Egypt, Aden, etc. d/ To Brazil principally. e/ As Manchuria is the ultimate destination of Kwantung shipments, they are not reported prior to July 1932.

Maritime Customs Reports of the Foreign Trade of China.



Table 9. Import duty on tobacco entering China,  
1843-1937

Effective date and classification	Rate in	Rate in
	Chinese	United
	customs	States
	units	currency a/
	Haikwan	Cents
	taels	per
	per picul	pound
1843 - One rate for all classes.....	5 percent	ad valorem
1858 - One rate for all classes.....	5 percent	ad valorem
1902 - One rate for all classes.....	0.80	0.38
1919 (August 1)		
Leaf and scrap, all classes.....	1.10	1.15
Stems and stalks.....	0.28	0.29
1923 (January 17)		
Value over 60 haikwan taels per picul (36¢ per lb.).....	4.00	2.40
Value not over 60 haikwan taels per picul.....	1.50	0.90
Stems and stalks.....	0.28	0.17
1929 (February 1)		
Value over 60 haikwan taels per picul (29¢ per lb.).....	8.00	3.84
Value not over 60 haikwan taels per picul.....	3.00	1.44
Stems and stalks.....	0.56	0.27
	Gold units:	
1930 (March 16)	per picul	
Value over 105 gold units per picul (31.5¢ per lb.).....	14.00	4.20
Value not over 105 gold units per picul.....	5.25	1.58
Stems and stalks.....	0.98	0.29
1931 (January 1) b/		
Value over 105 gold units per picul (31.5¢ per lb.).....	14.00	4.20
Value over 35 gold units but not over 105 gold units.....		
per picul (10.5¢-31.5¢ per lb.).....	6.90	2.07
Value not over 35 gold units per picul.....	2.90	0.87
Stems and stalks.....	0.99	0.30
1933 (May 22)		
Value over 105 gold units per picul (40¢ per lb.).....	14.00	5.36
Value not over 105 gold units per picul.....	4.00	1.53
Stems and stalks.....	15 percent	ad valorem
	Gold units:	
	per 100	
1934 (July 1)	kilograms	
Value over 175 gold units per 100 kgs. (52¢ per lb.).....	23.00	6.89
Value not over 175 gold units per 100 kgs. ....	6.60	1.98
Stems and stalks.....	15 percent	ad valorem
	Haikwan	Cents
	taels	per
	per 1,000	1,000
1843 - One rate for all classes.....	5 percent	ad valorem
1858 - One rate for all classes.....	5 percent	ad valorem
1902 -		
Value over 4.50 haikwan taels (\$2.84) per 1,000.....	0.50	31.5
Value not over 4.50 haikwan taels per 1,000.....	0.09	5.7

Continued -

Table 9. Import duty on tobacco entering China,  
1843-1937, cont'd

Effective date and classification	Rate in Chinese customs units	Rate in United States currency a.
<u>CIGARETTES, CONT'D</u>		
	Haikwan taels per 1,000	Cents per 1,000
1919 (August 1)		
Value per 1,000:		
Over 4.50 haikwan taels (\$5.67).....	0.33	41.6
Over 3.00 but not over 4.50 haikwan tls. (\$3.78-\$5.67):	0.19	23.9
Over 1.50 but not over 3.00 haikwan tls. (\$1.89-\$3.78):	0.11	13.9
Not over 1.50 haikwan taels (\$1.89).....	0.06	7.6
1923 (January 17)		
Value per 1,000:		
Over 12.50 haikwan taels (\$10.00).....	0.83	66.4
Over 8.50 but not over 12.50 haikwan tls. (\$6.80-\$10):	0.53	42.4
Over 6.50 but not over 8.50 haikwan tls. (\$5.20-\$6.80):	0.38	30.4
Over 4.50 but not over 6.50 haikwan tls. (\$3.60-\$5.20):	0.28	22.4
Over 3.00 but not over 4.50 haikwan tls. (\$2.40-\$3.60):	0.19	15.2
Over 1.50 but not over 3.00 haikwan tls. (\$1.20-\$2.40):	0.11	8.8
Not over 1.50 haikwan taels (\$1.20).....	0.06	4.8
1929 (February 1)		
Value per 1,000:		
Over 12.50 haikwan taels (\$8.00).....	1.245	79.7
Over 8.50 but not over 12.50 haikwan tls. (\$5.44-\$8):	0.795	50.9
Over 6.50 but not over 8.50 haikwan tls. (\$4.16-\$5.44):	0.57	36.5
Over 4.50 but not over 6.50 haikwan tls. (\$2.88-\$4.16):	0.42	26.9
Over 3.00 but not over 4.50 haikwan tls. (\$1.92-\$2.88):	0.285	18.2
Over 1.50 but not over 3.00 haikwan tls. (\$0.96-\$1.92):	0.165	10.6
Not over 1.50 haikwan taels (\$0.96).....	0.09	5.8
	Gold units:	
	per 1,000	
1930 (March 16)		
Value per 1,000:		
Over 21.38 gold units (\$8.75).....	2.18	87.2
Over 14.38 but not over 21.38 gold units (\$5.95-\$8.75):	1.39	55.6
Over 11.38 but not over 14.38 gold units (\$4.55-\$5.95):	1.00	40.0
Over 7.38 but not over 11.38 gold units (\$3.15-\$4.55):	0.74	29.6
Over 5.25 but not over 7.38 gold units (\$2.10-\$3.15):	0.50	20.0
Over 2.63 but not over 5.25 gold units (\$1.05-\$2.10):	0.29	11.6
2.63 gold units or less (\$1.05).....	0.16	6.4
1931 (January 1)		
Value per 1,000:		
Over 21.38 gold units (\$8.75).....	16.00	640.0
Over 14.38 but not over 21.38 gold units (\$5.95-\$8.75):	8.70	348.0
Over 11.38 but not over 14.38 gold units (\$4.55-\$5.95):	7.20	288.0
Over 7.38 but not over 11.38 gold units (\$3.15-\$4.55):	5.30	212.0
Over 5.25 but not over 7.38 gold units (\$2.10-\$3.15):	3.90	156.0
Over 2.63 but not over 5.25 gold units (\$1.05-\$2.10):	2.20	88.0
2.63 gold units or less (\$1.05).....	1.30	52.0

Continued -

Table 9. Import duty on tobacco entering China,  
1843-1937, cont'd

Effective date and classification	Rate in	Rate in
	Chinese	United
	customs units	States currency a
		Cents
<u>CIGARETTES, CONT'D</u>	Gold units:	per
	per 1,000	1,000
1933 (May 22)		
Value per 1,000:		
Over 20 gold units (\$10.20).....	16.00	316.0
Over 15 but not over 20 gold units (\$7.65-\$10.20).....	8.70	444.0
Over 10 but not over 15 gold units (\$5.10-\$7.65).....	7.20	367.0
Over 7.50 but not over 10 gold units (\$3.82-\$5.10).....	5.30	270.0
Over 5.00 but not over 7.50 gold units (\$2.55-\$3.82)...	3.90	199.0
Over 2.50 but not over 5.00 gold units (\$1.28-\$2.55)...	2.20	112.0
2.50 gold units or less (\$1.28).....	1.30	66.0
1934 (July 1)		
Value per 1,000:		
Over 20 gold units (\$13.20).....	16.00	1,056.0
Over 15 but not over 20 gold units (\$9.90-\$13.20).....	8.70	574.0
Over 10 but not over 15 gold units (\$6.60-\$9.90).....	7.20	475.0
Over 7.50 but not over 10 gold units (\$4.95-\$6.60).....	5.30	350.0
Over 5 but not over 7.50 gold units (\$3.30-\$4.95).....	3.90	237.0
Over 2.50 but not over 5 gold units (\$1.65-\$3.30).....	2.20	145.0
2.50 gold units or less (\$1.65).....	1.30	86.0
1937 (June 19)		
Value per 1,000:		
Over 10 gold units (\$6.62).....	30 percent ad valorem	
Over 6.4 but not over 10 gold units (\$4.23-\$6.62).....	7.60	503.0
Over 4.8 but not over 6.4 gold units (\$3.18-\$4.23).....	5.80	391.0
Over 3.2 but not over 4.8 gold units (\$2.12-\$3.18).....	4.00	265.0
Over 1.6 but not over 3.2 gold units (\$1.06-\$2.12).....	2.50	166.0
1.6 gold units or less (\$1.06).....	1.40	93.0
	Haikwan	Cents
<u>PREPARED TOBACCO</u>	taels	per
	per picul	pound
1843 - One rate for all classes.....	5 percent ad valorem	
1858 - One rate for all classes.....	5 percent ad valorem	
1902 -		
In bulk.....	0.95	0.45
In tins and packages under 5 pounds.....	5 percent ad valorem	
1919 (August 1)		
In bulk.....	1.10	1.15
In tins and packages under 5 pounds.....	5 percent ad valorem	
1923 (January 17)		
In bulk.....	3.50	2.10
In tins and packages under 5 pounds.....	5 percent ad valorem	
1929 (February 1)		
In bulk.....	19.25	9.24
In tins and packages.....	27.5 percent ad valorem	

Continued -



Table 9. Import duty on tobacco entering China,  
1843-1937, cont'd

Effective date and classification	:	Rate in	:	Rate in
		Chinese	:	United
		customs	:	States
		units	:	currency a/
		Gold units:		Cents
		per picul:		per pound
<u>PREPARED TOBACCO, CONT'D</u>				
1930 (March 16)	:		:	
In bulk.....	:	33.69	:	10.11
In tins and packages.....	:	27.5 percent	:	ad valorem
1931 (January 1)	:		:	
In bulk.....	:	63.00	:	18.90
In tins and packages.....	:	50 percent	:	ad valorem
1933 (May 22)	:		:	
In bulk.....	:	63.00	:	24.10
In tins and packages.....	:	50 percent	:	ad valorem
		Gold units:		
		per 100	:	
		kilograms	:	
1934 (July 1)	:		:	
In bulk.....	:	100.00	:	29.94
In tins and packages.....	:	50 percent	:	ad valorem
		Haikwan	:	Cents
		taels	:	per
		per 1,000	:	1,000
1843 - One rate for all classes.....	:	5 percent	:	ad valorem
1853 - One rate for all classes.....	:	5 percent	:	ad valorem
1902 - One rate for all classes.....	:	0.50	:	32.0
1919 (August 1)	:		:	
One rate for all classes.....	:	0.80	:	101.0
1923 (January 17)	:		:	
Value per 1,000:	:		:	
Over 40.00 haikwan taels (\$32.00).....	:	3.00	:	240.0
Not over 40.00 haikwan taels.....	:	1.30	:	104.0
1929 (February 1)	:		:	
Value per 1,000:	:		:	
Over 40.00 haikwan taels (\$25.60).....	:	4.50	:	288.0
Not over 40.00 haikwan taels.....	:	1.95	:	125.0
1930 (March 16)	:		:	
Value per 1,000:	:		:	
Over 70.00 gold units (\$28.00).....	:	7.83	:	315.0
Not over 70.00 gold units.....	:	3.41	:	136.0
1931 (January 1)	:		:	
Value per 1,000:	:		:	
Over 70.00 gold units (\$28.00).....	:	65.00	:	2,600.0
Not over 70.00 gold units.....	:	24.00	:	960.0
1933 (May 22)	:		:	
Value per 1,000:	:		:	
Over 130 gold units (\$66.30).....	:	75.00	:	3,825.0
Over 70 but not over 130 gold units (\$35.70-\$66.30)....	:	50.00	:	2,550.0
Over 50 but not over 70 gold units (\$25.50-\$35.70)....	:	30.00	:	1,530.0
Over 20 but not over 50 gold units (\$10.20-\$25.50)....	:	20.00	:	1,020.0
20 gold units or less (\$10.20).....	:	50 percent	:	ad valorem

Continued -

Table 9. Import duty on tobacco entering China,  
1843-1937, cont'd

Effective date and classification	Rate in	Rate in
	Chinese	United
	customs	States
	units	currency a/
	Gold units:	Cents
	per 1,000	per 1,000
<b>CIGARS, CONT'D</b>		
1934 (July 1)		
Value per 1,000:		
Over 130 gold units (\$85.80).....	75.00	4,950.0
Over 70 but not over 130 gold units (\$46.20-\$85.80)....	50.00	3,300.0
Over 50 but not over 70 gold units (\$33-\$46.20).....	30.00	1,980.0
Over 20 but not over 50 gold units (\$13.20-\$33).....	20.00	1,320.0
20 gold units or less (\$13.20).....	50 percent	ad valorem
<b>SNUFF c/</b>		
1843 - One rate for all classes.....	5 percent	ad valorem
1858 - One rate for all classes.....	d/ 7.20	-
1902 - Snuff.....	5 percent	ad valorem
1919 (August 1) - Snuff.....	5 percent	ad valorem
1923 (January 17) - Snuff.....	5 percent	ad valorem
1929 (February 1) - Snuff.....	27.5 percent	ad valorem
1930 (March 16) - Snuff.....	27.5 percent	ad valorem
1931 (January 1) - Snuff.....	50 percent	ad valorem
1933 (May 22) - Snuff and chewing.....	50 percent	ad valorem
1934 (July 1) - Snuff and chewing.....	50 percent	ad valorem

a/ Conversions to United States currency were made at average exchange rates for the years in which the duties were made effective.

b/ Due to protest that resulted from this tariff, it was not actually effective until November 1.

c/ Other products not specified take the same rate as snuff.

d/ Haikwan taels per picul of 133.33 pounds.

Customs Import Tariff of the Republic of China; the British Board of Trade Journal; and various issues of the Chinese Yearbooks.

Table 10. Consumption of domestic cigarettes, manufactured by  
foreign and native companies in China, 1932-33 to 1934-35

Year ending June 30 -	Foreign		Native		Total
	Quantity	Share	Quantity	Share	
	Thousands	Percent	Thousands	Percent	Thousands
1932-33.....	33,108,390	54.1	28,096,683	45.9	61,205,073
1933-34.....	30,663,182	54.2	25,868,445	45.8	56,531,627
1934-35.....	28,425,279	51.4	26,905,411	48.6	55,330,690

Reports of the Central Tax Bureau of the Chinese Ministry of Industries.

Table 11. Internal-revenue taxes on cigarettes manufactured in China, 1928 to date a/

Date effective	Class	Value in dollars per case of 50,000		Tax rate in dollars	
		Mexican	United States	Mexican	United States
February 9, 1928...	1	Over 937.50	Over 423.44	249.00	113.79
	2	Over 637.50	Over 291.34	159.00	72.66
	3	Over 487.50	Over 222.79	114.00	52.10
	4	Over 337.50	Over 154.24	84.00	38.39
	5	Over 225.00	Over 102.83	64.125	29.31
	6	Over 112.50	Over 51.41	37.125	16.97
	7	112.50 or less	51.41 or less	20.25	9.25
December 1, 1928...	1	Over 1,073.44	Over 490.56	404.625	184.91
	2	Over 739.94	Over 338.15	253.375	118.08
	3	Over 558.19	Over 255.09	135.25	84.66
	4	Over 386.44	Over 176.60	136.50	62.38
	5	Over 257.63	Over 117.74	92.625	42.33
	6	Over 128.81	Over 58.87	53.625	24.51
	7	128.81 or less	58.87 or less	29.25	13.37
October 1, 1930...	1	Over 540.00	Over 160.92	225.00	67.05
	2	Over 150.00	Over 44.70	56.00	16.69
	3	150.00 or less	44.70 or less	32.00	9.54
May 16, 1931.....	1	Over 540.00	Over 119.34	305.00	67.41
	2	Over 150.00	Over 33.15	81.00	17.90
	3	150.00 or less	33.15 or less	39.00	8.62
March 21, 1932....	1	Over 260.00 b/	Over 56.94	95.00	20.81
	2	260.00 or less	56.94 or less	55.00	12.05
		Yuan c/		Yuan c/	
December 5, 1933...	1	Over 300.00	Over 73.60	160.00	41.92
	2	300.00 or less	73.60 or less	30.00	20.96
April 5, 1937.....	1	Over 800.00	Over 235.04	800.00	235.04
	2	Over 400.00	Over 117.52	400.00	117.52
	3	Over 320.00	Over 94.02	200.00	58.76
	4	320.00 or less	94.02 or less	100.00	29.38

a/ Conversions to United States currency based upon average exchange rates for the years in which the duties were made effective.

b/ This value was later reduced to 250 Mexican per case (\$60.00 United States currency).

c/ Beginning February 1933, currency quotations are for the yuan, an official term used in place of Mexican dollars.

Reports of the Central Tax Bureau of the Chinese Ministry of Industries.



Table 12. Changes in consumption of cigarettes in China under increased tax rates, 1928-1935 a/

Dates effective	Tax class based		Percentage
	upon value per		of
	case		total sales
	Number	Mexican dollars	Percent
Dec. 1928 to Sept. 1930.....	1	Over 1,073.44	0.03
	2	Over 739.19	.48
	3	Over 558.19	.52
	4	Over 386.44	.21
	5	Over 257.63	.32
	6	Over 128.81	29.96
	7	128.81 or less	68.48
			100.00
Oct. 1930 to Jan. 1931.....	1	Over 540.00	1.80
	2	Over 150.00	18.00
	3	150.00 or less	80.20
			100.00
Feb. 1931 to Mar. 1932.....	1	Over 540.00	.41
	2	Over 150.00	11.16
	3	150.00 or less	88.43
			100.00
		Yuan b/	
Apr. 1932 to Nov. 1933.....	1	Over 260.00	1.88
	2	260.00 or less	98.12
			100.00
Dec. 1933 to Dec. 1935.....	1	Over 260.00	.77
	2	260.00 or less	99.23
			100.00

a/ See also Table 11.

b/ Beginning February 1933.

Reports of the Central Tax Bureau of the Chinese Ministry of Industries.